

## NEWS SUMMARY

### GENERAL

## Mideast stalling angers Vance

American attempts to rescue the Middle East peace talks appeared to be making little progress as Israel blamed Egypt for the deadlock. Mr. Cyrus Vance, U.S. Secretary of State, was reported to be angry at the intransigence of both sides.

He had a series of talks with Israeli leaders yesterday but they did not offer any suggestions for widening the peace talks initiated last year by President Sadat.

Mr. Vance is reported to believe that his rescue mission has little chance of success and that America should now produce its own peace proposals and, if necessary, impose them on both sides.

In Lebanon, an escalation in the fighting between Syrian troops of the Arab peace-keeping force and Christian militias has prompted urgent calls from President Sadat to arrange a truce. Back Page

### Tories outline

#### economy options

Tory officials, led by Sir Geoffrey Howe, the Shadow Chancellor, have been planning a policy of public spending cuts and tax reductions to keep down public sector borrowing if they win the next election. However, Conservative leaders deny that they have a draft Expenditure White Paper already written. Back Page

### News strike over

Journalists from the London Broadcasting Company and Independent Radio News Service voted yesterday to end their official strike over extra payments for junior staff doing senior duties. Page 4 and Press Council report, Page 3

### Somali claim

Somali guerrillas claim to have destroyed water and power supplies to Gode, the Ethiopian Government forces' base in Southern Ogaden.

### Hijack foiled

A Dutch KLM DC-9 airliner, which was hijacked and ordered to fly to Algiers, landed at Barcelona after a gunman on board was overpowered. The aircraft, which was carrying 65 passengers and five crew, was on an Amsterdam-Madrid flight.

### Inglorious ticks

A plague of ticks has severely depleted stocks of grouse on several Scottish moors and some estates have cancelled shooters' bookings. One shoot-letting agent said: "Some estate agents are very dubious whether the Glorious Twelfth will be quite so glorious this year."

### Briefly . . .

£50,000 weekly premium bond prize won by Brighton holder of bond 6FL 862305.

Gatwick Airport has cleared the backlog of delays caused by the French air traffic controllers' work-to-rule.

An extra 500 troops were flown to Northern Ireland to back up the army during this week's internment commemorations.

Geranium grower Mr. Alan Taylor has named a bright pink bloom after Mrs. Thatcher, the Tory leader.

Bishop of Oxford's Cuddesdon home, described by the Church Commissioners as "a particularly boring piece of Victorianism," has been put on the market for £100,000.

A pet shop owner from Beeston, Notts., who plans to sell giant African cockroaches for £1.20 a pair says they are cheap to keep and ideal company for pensioners.

### BUSINESS

## Upturn working through slowly

BUSINESS confidence is improving, but the upturn in consumer spending is working its way through to industry very slowly, according to the latest Financial Times survey of business opinion.

The survey, which covered the food and tobacco industry, textiles and clothing and the construction industry, shows that increased spending has shown itself mainly in the food and tobacco sector. Back and Page 15

TRADE SECRETARY, Mr. Edmund Dell, is heading a delegation to China, in an attempt to pave the way for new export orders from Peking.

Exports in which the Chinese are showing interest include coal, machinery, equipment and aircraft. Discussions are also expected to begin shortly on a science and technology agreement between the UK and China. Back Page

## Bilston rescue plans

BILSTON steelworks in the West Midlands, which was re-opened after closure in June, is the subject of two rescue plans which management and unions say could put the plant's future on a firm footing. Back Page

DAIRY INDUSTRY report, which has angered the Ministry of Agriculture and the Milk Marketing Board, calls for cuts in financial aid from the Government and the EEC and radical changes in dairy production. Back Page

FRENCH Budget for 1979, which is due to be approved next month, is expected to be about FF 12bn to FF 15bn in deficit. This year's shortfall is expected to be at least FF 20bn. Page 2

IMPERIAL TOBACCO is putting up the prices of most of its cigarettes and Embassy brand by 2p from today. The move accounts for more than half of the UK cigarette market. Page 3

## Policyholders warned

NORWICH UNION member company has warned policyholders that unless insurance policies of buildings and their contents are renewed by September 1, amounts paid out on claims will be scaled down through the averaging process. Page 3

WEST EUROPEAN chemical producers have accused U.S. manufacturers of dumping vinyl acetate—largely used in making emulsion paint—in European markets. Page 2

SIEMENS, West Germany's largest electrical group, has reported a substantial increase in orders and pre-tax profits in the first nine months of the year. An interim report indicates that the improvement should be maintained in the final quarter. Page 13

DOW CHEMICAL of the U.S., a Spanish chemical company, ERT, and the Spanish oil company CEPISA are to build a \$800m to \$1bn petrochemical plant at Huelva in Southern Spain. Page 2

### LABOUR

1,800 ROLLS-ROYCE white-collar workers at Derby and Hucknall, Nottinghamshire, have been given suspension notices because of industrial action over a pay claim.

INDUSTRIAL civil servants, who have been taking action in support of their Stage Three pay claim, hope to change their pay settlement date to prevent their falling behind the general level of settlements by being last in the wage queue. Page 4

BAKERY WORKERS have submitted a claim for a pay and productivity deal, which would mean a rise of more than 22 per cent. Page 4

# Thorpe's political future considered by Liberal Party

BY PHILIP RAWSTORNE

Liberal MPs and senior officials held talks yesterday to resolve the political dilemma posed by Mr. Jeremy Thorpe's decision to fight the next election in North Devon.

Mr. Alan Bethel, Liberal chief but there seemed little chance of securing his agreement to it, was expected to issue a statement on the situation after further talks today.

But the indications last night were that if the former Liberal leader persisted in contesting the election he would not be endorsed as an official party candidate.

Mr. Thorpe was remanded on £5,000 bail with three others last Friday on a charge of conspiracy to murder Mr. Norman Scott, a former model.

A packed meeting of the North Devon Liberal Association on Saturday unanimously recorded its full confidence in him and invited him to stand as its candidate at the election "preferably or not a person can contest the General Election with a charge of this gravity pending is certainly extremely doubtful."

Mr. Thorpe indicated that he would accept the local party's nomination.

Though senior Liberals had been given some advance notice of his intentions, Mr. Thorpe's decision left them "distinctly unhappy."

The North Devon party should never have been put in the position of having to decide whether Mr. Thorpe should continue as its candidate.

Mr. Smith said in a BBC radio interview that it would be a tragedy if Mr. Thorpe were to remain as an MP until the General Election, and then to withdraw from the political arena until the legal proceedings had been completed.

This view was still being pressed on Mr. Thorpe yesterday.

Mr. Smith declared: "It could come to that, certainly."

Mr. Charles Vagg, chairman of the North Devon Liberals, torn between their personal sympathy for him and their anxiety about the effects of the case on the party's morale and electoral support in a critical pre-election period.

But Mr. Cyril Smith, Liberal MP for Rochdale, appeared to be reflecting the majority opinion of his colleagues yesterday when he indicated that the party's interests should be paramount.

"There is no question that Mr. Thorpe should resign as an MP," he said. "He is innocent until proved guilty. But whether or not a person can contest the General Election with a charge of this gravity pending is certainly extremely doubtful."

The party had to consider whether its electoral position could be jeopardised, said Mr. Smith. "It seems that Mr. Thorpe's resignation would be a decisive action in this matter."

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## Missgivings

Party leaders view the option with serious misgivings. They believe that it would still have serious repercussions in the neighbouring Liberal seats of North Cornwall and Truro, held by Mr. John Pardoe and Mr. David Pugh.

During yesterday's party discussions, however, such a move appeared the only way to ensure that the Liberals' election campaign did not become entangled with Mr. Thorpe's personal legal fight.

Party workers are deeply dismayed by the fact that the next county hearing has been fixed during the week of the Liberal conference in September.

Its election preparations also suffered another serious blow at the weekend when Lord Byers, leader of the Liberal peers and one of the party's principal political strategists, was taken to hospital after a heart attack.

Lord Byers was said yesterday to be satisfactory although he was under intensive care.

# Iran talks on new oil lifting pact break down

TEHRAN, August 6.

TALKS between Iran and its major oil producer and customer, a British Petroleum-led western consortium, on a new, long-term oil lifting agreement, have broken down after reaching an impasse.

The negotiations ended abruptly last Wednesday after the Shah refused to budge on what is described here without elaboration as "an important point of principle." A date has not been set for a resumption, although both sides say optimistically that talks of some sort may resume in late September or October.

[The issue at stake is believed to concern Iran's demand for most-favoured nation treatment vis-à-vis Saudi Arabia, Richard Johns writes. The Government wants guaranteed liftings by consortium members of 3.3m barrels a day over a five-year period, more than 10 per cent higher than their offer during the first half of 1978, while the companies are seeking a bigger service fee or discount on each barrel than the 22 cents which marked preference for their interests in the Aramco consortium in Saudi Arabia.]

After six months of intermittent discussion, the fifth round began with considerable, publicly leaked, hopes of success. But observers say that following three days of fair progress it became clear that a stumbling block had been reached.

A crucial element in the talks is believed to have been the terms obtained by the Aramco consortium members from Saudi Arabia. They are Exxon, Standard Oil of California and Texaco. It is known that senior oilmen participating in the Tehran talks were not prepared to reveal information about them to their European colleagues representing BP and Compagnie Française des Pétroles.

Iran still remains keen on a short-term arrangement to boost liftings, although some observers speculate it may be counting on the expected autumn oil stockpiling by the western companies, to boost exports to the budgeted level in any case.

Over the next two months senior Iranian oil men will be working on possible lines for a resumption of the talks which, observers say, had been conducted in an amicable and businesslike manner.

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## Chrysler wins Korean order

By Arthur Smith,

CHRYSLER UK is recruiting 300 extra workers to step up production at its Stoke engine plant, Coventry, following an order for 14,800 gearboxes from Hyundai, the Korean motor company.

The deal is regarded as an important breakthrough in the engine plant's bid to supply components to world markets. The news comes, however, against a background of industrial troubles.

Production will resume today at Linwood, Scotland, after a damaging strike by 550 plant workers. But fresh problems are feared as the management seeks to improve lagging output levels.

At Coventry, negotiations are continuing on a self-financing productivity deal for tool-makers, but any concessions could threaten the whole pattern of differentials in the company's Midlands plant.

The Stoke factory has been working at almost full capacity because of a rise in orders from Iran for 105,000 Paykan cars, which are supplied in knocked-down form.

The deal with Hyundai is for gearboxes for a one-ton van assembled in Korea. It originally required 9,000 units this year, but increased the order by 5,800.

A declaration of intent has been signed for supplying 22,600 gearboxes next year. Discussions about other components are also under way.

A heavy demand has been placed upon the Stoke factory for engines for the Sunbeam model, which is scheduled for launch in a number of European markets once assembly at Linwood resumes.

Feature, Page 11

## Pope Paul VI dies after heart attack

BY PAUL BETTS

ROME, August 6.

POPE PAUL VI died tonight at his summer residence of Castel Gandolfo, near Rome. He was 80.

The Pope was taken ill over the weekend and suffered a heart attack this evening while hearing Mass in bed. For some time he was reported to have been in frail health.

Earlier this year, his imminent retirement on grounds of ill-health had been rumoured but denied.

Among the important achievements of his Papacy was the successful renegotiation of the concordat between the Church and the Italian State, and the continuation of Pope John's work, albeit in a more measured way, over the Roman Catholic Church's relations with the communist countries, the Third World and the other Christian Churches.

A major question now is the succession to Pope Paul. It is likely to give an important clue of the direction the Roman Church intends to take after Pope Paul's Papacy.

His direct intervention during the kidnapping and his personal appeal to the left wing Red Brigade terrorists—an unprecedented gesture by the highest authority of the Roman Church—reflected what clearly became the last major crisis of his reign.

His intervention in the Moro kidnapping, while controversial,



## OVERSEAS NEWS

## Deficit of £1.4bn predicted for France

By Robert Mauthner

PARIS, August 6. FRANCE'S BUDGET for 1979 is expected to be in deficit by between FF 12bn and FF 15bn (£1.4bn to £1.9bn), according to French Press reports over the weekend.

Although final details of the budget are not due until September, the reports are in line with promises made by President Giscard d'Estaing at the Bonn summit that France would make a modest contribution to the joint efforts of the industrialised nations to stimulate growth.

Next year's projected deficit will follow an expected budget shortfall of at least FF 20bn this year, more than double the deficit predicted by the Government, when it adopted the 1978 budget.

Since M. Raymond Barre, the Prime Minister, has pledged that income tax, company tax, and value added tax rates will not be increased in 1978 and 1979, the financing of the deficit presents a problem.

As things stand, Treasury receipts are likely to fall short by up to FF 25bn of Government spending, which is expected to rise by about 14 per cent to some FF 450bn next year. If reports that the Government is planning a budget deficit of about FF 15bn are correct, up to FF 10bn in extra revenue will have to be found.

The general expectation is that tobacco, alcohol and petrol prices will again be raised to provide some of the required income, and that tax allowances accorded to a large number of professional categories will be reduced. Income tax brackets may also be adjusted.

It is probable that the Government will again have recourse to a number of medium-sized State loans next year, as it has done in 1978. So far, a total of FF 5.5bn has been raised by the State on the domestic market this year in the form of two separate loans. A third bond issue is expected to be made in the early autumn.

The services sector public debt is placing an increasing burden on the Treasury. In 1978, interest charges and repayments are expected to total nearly FF 20bn, compared with only FF 14bn this year.

## Eanes calls in Portugal's party leaders

By Jimmy Burns

LISBON, August 6. PRESIDENT Ramalho Eanes will tomorrow meet the main political leaders in Portugal for what is expected to be the last time before finally deciding on the form of Government needed to take the country out of its present political crisis.

The weekend deadline which the President has set for the solution of the political impasse has been considerably toned down. It is generally accepted that a viable alternative to calling immediate elections is possible without having to resort to the old Government of Socialists and Christian Democrats.

Both these parties however have made it clear that any future Presidential-backed Government would need to reflect the political balance of the old agreement.

## Shah calls on opponents to fight 'free elections'

By Andrew Whitley

THE SHAH of Iran announced yesterday that "absolute free" elections to Parliament would be held when they fall due next summer. He said political freedom would be the same extent as in democratic European countries.

In a nationally televised Constitution Day message, the Shah issued a challenge to those constitutionalist dissidents who have attacked the abuse of executive power to test their popularity at the polls.

He said anyone could vote or stand as a parliamentary candidate, and the rule of the ballot box would be adopted.

Government sources say the statement marked an advance on the earlier acknowledgement that individuals not belonging to the single recognised party, Rastakhs, could stand. They say that dissident or breakaway groups such as the National Front, Front Forces, Prime Minister Mossadegh's backers against the Shah 25 years ago, could put forward their own candidates for

the Majlis, the lower house of parliament.

The Shah said limits of freedom would be defined, as in democratic countries, and new legislation is to be introduced shortly on freedom of assembly, speech and the Press. Public gatherings would require advance permission and would not permit the carrying of arms or holding of street processions.

Public comment about the monarchy and its role is specifically excluded, as in the past. But, according to a Government source, the new Press Bill, in its final stage of drafting, will provide guarantees for Press freedom and introduce a libel definition, to protect private citizens, modeled on the example of Western countries.

On a number of issues, such as whether dissidents will have equal access to the State-controlled radio and television, or to the Press, a Government source said no decision had been taken.

The controversial new Election Bill, half-way through the

TEHRAN, August 6.

parliamentary process, will almost certainly now be dropped. The Bill would have enshrined Rastakhs's envisaged monopoly role. Instead what is recognised here as a degree of "healthy competition" is being introduced. The election will be fought entirely on the basis of the current election law, providing for a multi-party system, and will not incorporate features from the new Bill, such as the proposed lowering of the voting age and creation of single-member constituencies.

To an extent the Shah's statement, coming after an unusually long period out of the public limelight, might be seen as a response to last month's call by Iran's senior religious leader, Ayatullah Shariatmadari, for a "genuinely free" election in which all could stand. However, some diplomatic observers argue that this is a re-statement of the Shah's privately stated determination to open up the political scene and introduce a "responsible democracy, the kind a country can be proud of."

## UN team arrives in Namibia

By John Stewart

CAPE TOWN, August 6.

MR. MARTTI AHTISAARI, the United Nations special representative for Namibia, and an advance guard of 49 administrative and military personnel arrived in Windhoek, the Namibian capital, today to gather information and work out details for implementing the United Nations plan for the territory.

The party will remain in Namibia for two or three weeks before reporting back to Dr. Kurt Waldheim, the UN Secretary-General who will then ask the Security Council to adopt a formal resolution committing the world body to control and supervision of the process leading to independence.

The first working meeting between Mr. Ahtisaari and the South African-appointed Administrator-General, Mr. J. J. Steyn, is due to take place tomorrow morning.

Speaking at the airport, Mr. Ahtisaari told about 200 newsmen and six television units: "We have come in good faith and this is the spirit of all concerned. I can see no reason why we should not succeed. On my part I should like to assure all the people of Namibia that the mission will discharge

faithfully the task entrusted to it, in accordance with the mandate entrusted to me and in a spirit of impartiality, good-will and co-operation towards all."

He made it clear, however, that he had no illusions about the complexities and sensitivity of the exercise. Crucial to the success of the mission will be the relationship that develops between the UN representative and the South African Administrator-General.

The South African Government has stated bluntly that it will not support implementation of a United Nations settlement resolution that does not comply "in letter and spirit" with the written proposals submitted to the Security Council by the five Western members of the council.

The first area of conflict is likely to be the unilateral decision by South Africa to register voters for the forthcoming elections. According to Mr. Steyn, about 70 per cent of people eligible to vote have already registered. The two major political groups in the territory, the South West African People's Organisation (SWAPO) and the Namibia National Front, contend that the registration process is in force.

breach of the Western proposals which make it clear that each stage of the electoral process must be monitored by UN civilian administrators to the satisfaction of the UN special representative. Registration of voters is an electoral step which cannot be taken until all factors of the transition have been formally endorsed in a special security council resolution, probably next month.

One aspect of the registration process initiated by Mr. Steyn that is strongly opposed by the SWAPO is the use of thumb-prints. In an election this would mean that every polling booth would have to be manned by a number of fingerprint experts to verify identities, which could lead to disputes. A more workable method, the party says, would be to use registration cards with photographs.

In an interview published this weekend, Mr. Steyn said South Africa could still break off negotiations with the UN on a number of issues. These were the possible UN insistence on the registration of voters, the postponement of the independence date and the size of the UN peace-keeping force.

## Pakistan hunt after raid on PLO

POLICE RAIDED hotels in

Pakistan and set up road checks today in the hunt for four guerrillas who attacked the Islamabad offices of the Palestine Liberation Organisation and killed four people.

The guerrillas left behind few clues to their identity but the PLO representative in Pakistan blamed the attack on Iraq. However, the Iraqi ambassador, Mr. Ahmed Zafar al-Chilani, denied his country was involved and suggested it was an internal PLO feud. "It is unfortunate that while they are fighting Zionists, they should train their guns against themselves," he said.

The attack came three days after a raid by two guerrillas on the Iraqi consulate in Karachi, where a diplomat was wounded and a policeman killed. One of the guerrillas was killed and the other wounded and captured.

It followed recent attacks against Iraq diplomats in London and Paris while PLO representatives have been killed in this year in London, Kuwait and

Paris. Those who died in the grenade and sub-machine gun attack on the PLO office in Islamabad yesterday were a policeman who challenged the guerrillas, the mission's radio operator, and two students, one of whom police later described as PLO commander Lieutenant Mohammad al-Husseini. Reuter

Simon Henderson in Islamabad said: Pakistan has exposed its concern to Iraq. The PLO following the attack on the PLO office here. The attack, by at least two men said to speak Iraqi accents, is seen as retaliation for the shooting incident outside the Iraqi Consulate General in Karachi.

Pakistan's concern is believed to have been expressed several times already. The first time was before either incident had taken place and when the current Palestinian-Israeli feud seemed confined to Europe. A Foreign Office official said today the Government had been in touch with representatives of

ISLAMABAD, August 6.

both Iraq and the PLO again following Saturday's attack. It is thought they were summoned to the Ministry of Foreign Affairs. Pakistan is believed to be considering diplomatic measures.

Issam Hjjad said from Beirut: The PLO has announced that it will not retaliate to attacks on its offices abroad by what it describes as agents of the Iraqi regime. The announcement came in a statement issued in Beirut after a meeting by the PLO's 15-man executive committee under chairman Yasser Arafat. It accused the regime of President Ahmed Hassan al-Baker in Baghdad of waging a "new, ugly, brutal and barbaric war against the PLO."

The Palestinian news agency, Wafa, said today that the PLO office in Baghdad was to have been the next target. It reported that police at Dacca airport have seized arms allegedly addressed to the Iraqi embassy there.

## West attacks Japan on tobacco pricing

By Robert Wood

TOKYO, August 6. EUROPE, the U.S. and Canada are demanding that Japan sell foreign-made tobacco products at more stores and at lower prices, a European diplomat said here.

The semi-Government Japan Tobacco and Public Corporation monopolises tobacco distribution in Japan, under a system not too different from that of some Western countries.

But the corporation distributes foreign-made tobacco products only to a minority of tobacconists and sells them at prices nearly double those of domestic products.

Western diplomats say there is no economic justification for the price difference because the Japanese cigarettes are manufactured largely from foreign tobacco with machines made by Molins of Britain and with highly paid Japanese labour.

The Japanese Finance Ministry is expected to offer a plan to buy more foreign cigarettes, cigars, and pipe tobacco by mid-September.

The Japanese acknowledge that the price differences between domestic and foreign tobacco exist mainly to protect the Japanese domestic industry. They say the limitation on the number of outlets selling foreign tobacco is dictated by lack of demand for the products.

Despite restrictions, Britain sold £1.4m worth of tobacco products in Japan last year, mainly cigarettes plus a small amount of pipe tobacco.

## Algeria may get aid on steel plant

By Our Own Correspondent

TOKYO, August 6.

ALGERIA'S Societe Nationale de Siderurgie is seeking Japanese production workers temporarily to replace Algerians in operating part of the company's integrated steel mill, officials of Nippon Steel Corporation said today.

The Japanese are to show how the plant can perform when properly run and it is hoped, inspiration for Algerian production workers to emulate them.

The plant, built by European companies, has a rated capacity of 400,000 tonnes a year but is only producing 200,000 tonnes. Nippon Steel men said they believed the Societe Nationale de Siderurgie, which is Government-owned, expects that observation of Japanese work habits will stimulate its own workers to greater efforts. This would be the first arrangement of its kind.

Nippon Steel has sent about 20 engineers to the mill under a consulting agreement signed in May of last year. If the company accepts the Algerians' new request, it will dispatch a much larger—but still undetermined—number of skilled workers to temporarily replace Algerians in a large portion of the mill.

The Societe Nationale de Siderurgie mill at El Hadjar, near Annaba in the north-eastern part of Algeria, includes blast furnace, basic oxygen furnace, hot metal mill, cold strip mill, galvanising mill and electric furnace mill. The proposal is for the Japanese to operate one of these facilities for a demonstration period. Negotiations are still in an early stage, and neither the facility the Japanese would operate nor the duration of the demonstration period nor the payment that Nippon Steel would receive have yet been determined.

## U.S. accused of dumping vinyl acetate in Europe

By Kevin Dine

WEST EUROPEAN chemical producers, who are suffering from an influx of low-price chemicals from the U.S., have accused North American manufacturers of dumping vinyl acetate in European markets.

The case has been formally submitted to the European Commission by CEFIC, the European Council of Chemical Manufacturers Federations.

The EEC chemicals industry is also hardening its opposition to the latest U.S. offer on chemicals in the Tokyo Round of multilateral trade negotiations. It considers the U.S. offer unacceptable and is preparing to fight the proposals when the GATT talks resume in Geneva in September.

European producers have claimed in their submission to the Commission that the U.S. is dumping the chemicals in Europe at prices as much as 25 per cent, or \$100-\$200 a tonne, below domestic prices.

Vinyl acetate is a major ingredient of emulsion paint. EEC production totals about 380,000 tonnes a year, but much of this is used capably by producers in further processing operations.

Only about 20 per cent of the market is open to merchant producers, but this sector alone is facing low-price imports from the U.S. amounting to 50,000-

60,000 tonnes a year. Producers for the merchant market, such as BP Chemicals in the UK, are understood to be making substantial losses in this sector.

West European chemical manufacturers believe that many other sectors of their domestic markets are being undermined by low-price U.S. imports, particularly in the area of aromatics, such as benzene, xylene, and derivative products.

An anti-dumping charge is being prepared against U.S. styrene producers, but other cases are hard to prove because the U.S. price advantage is often largely based on access to cheap feedstocks.

Prices in the U.S. for crude oil, the raw material for aromatics, are about 15 per cent below EEC prices, because of U.S. Government regulation of the market.

Equally the U.S. price of ethylene (the most important basic petrochemical) is maintained at about 20 per cent below the EEC price for naphtha, the normal ethylene feedstock in Europe.

As a result the EEC market, especially for aromatics, has been severely undermined, forcing several companies into losses in this sector. Along with existing overcapacity, the weak

demand and low prices have brought several plant closures. It is the benzeneoid elements that have also provided the main stumbling block in the GATT negotiations.

West European problems are exacerbated because their exports to the U.S. of benzeneoid chemicals are priced on the basis of the most advanced of the high level of U.S. tariffs based on the American Selling Price.

The U.S. tariff-cutting offer excluded most sensitive U.S. benzeneoid chemicals, where West European producers could be well placed to attack the U.S. market.

The benzeneoid sector is especially important for the development of future trade opportunities. The American Selling Price system, which governs domestic prices, protecting one of the most sophisticated areas of the chemical industry, where the scope for innovative change is still considerable.

U.S. tariff-cutting proposals in sectors such as pharmaceuticals, plastics and pesticides could prove acceptable, but they may well be jeopardised by continued European opposition to the offer on benzeneoid chemicals. The Europeans already have a list of chemical products withdrawn from the U.S. market, and U.S. advantages from low-cost feedstocks.

## Dow in \$800m Spanish joint venture complex

By Our Chemicals Correspondent

DOW CHEMICAL of the U.S., Spain's biggest chemical company, and CEFSA (Compania Espanola de Petroles) and Petromed (Petroles de Mediterraneo) are planning a \$800m joint venture complex at Huelva, in southern Spain.

The three companies are planning initially to build a 450,000 tonnes a year ethylene plant and a 250,000 tonnes a year propylene plant. This first phase of the project is estimated to cost \$500m and could include the construction of a styrene plant.

Ethylene is the most important basic petrochemical and is used in a wide range of products from plastics and textiles to synthetic detergents and anti-freeze. One of its uses is in the manufacture of styrene, which is an intermediate chemical for the manufacture of plastics and synthetic rubber.

The three companies in the proposed joint venture are planning, independently, to build other downstream user plants to process the basic petrochemicals.

The first plants are scheduled to come on stream in 1983. The agreement marks an important step in the scaling down of earlier more ambitious plans. Both ERT (Union Explosivos Rio Tinto) and Dow have been pursuing separate plans to build ethylene plants in the Huelva region since 1975. But chemical industries has started with the recession in petrochemical markets in Western Europe the independent plans have proved unrealistic.

Dow had intended to build an ethylene plant in a consortium with CEFSA (Compania Espanola de Petroles) and Petromed (Petroles de Mediterraneo) along with chlor-alkali plants to produce chlorine and caustic soda.

Petromed has dropped out of the consortium and the chlor-alkali plants have been postponed.

Norway and South Korea have reached an important stage in the development of domestic petrochemical industries.

The first low density polyethylene plant in Norway is now in production. It is part of a complex of plants costing some \$150m, that is being developed by an owner by Norsk Hydro, Saga Petroleum and Statoil, the Norwegian state oil company.

The plants will use feedstocks from the North Sea Ekofisk Field.

Total production from the three plastics plants involved—high and low density polyethylene and polypropylene—will be 250,000 tonnes a year. Production from the high density plant will begin soon and the polypropylene plant should be on stream in about a year.

In South Korea Ulsan Petrochemical Industries has started with the recession in petrochemical markets in Western Europe the independent plans have proved unrealistic.

## World Economic Indicators

INDUSTRIAL PRODUCTION 1970 = 100

	June '78	May '78	April '78	June '77	% change on year
W. Germany	116.6*	120.9	121.3	119.4	-2.5
U.S.	137.7	137.1	136.4	131.9	+4.4
Holland	124.0	122.0	121.0	120.0	-2.4
UK	105.9*	103.9	103.4	103.4	+2.2
France	121.0	120.0	120.0	120.0	+4.8
Italy	131.0	130.4	129.8	124.0	-2.5
Belgium	123.4	119.6	109.5	122.7	+0.6
Japan	135.3	135.2	132.4	127.9	+5.8

\* Provisional

## Gulf ports 'face over-capacity'

By James Buxton

THE OIL-PRODUCING countries in and around the Gulf will have to build up much commercial port capacity as they need by 1982 because of containerisation and transformation in the nature of their imports.

This is the conclusion of a detailed report on the eight states of the region—including Iran, Iraq and Oman—compiled by Peat Marwick and Mitchell and published by Gray Wickenham, the Inchcape subsidiary which manages ports in the region.

The Gulf Pattern 1977-1983 starts with the fairly safe assumption that oil prices will remain roughly constant in real terms over the period to 1982. It points out that the surge of large-scale construction activity is nearly over in the small population Gulf states—Oman, the United Arab Emirates, Qatar, Bahrain and Kuwait—partly because there is not much left for them to build, and says that their expenditure on construction should decline marginally by 1980 compared with 1975.

It says that there are even limits to what Saudi Arabia can spend its abundant revenues on, though its expenditure will continue to rise. Iraq and Iran, on the other hand, both have large populations and substantial absorptive capacity and will continue to grow, though at a less spectacular pace than in the early years since the oil price rise.

The report suggests that the oil states will draw back from what appeared at one stage to be a rush towards industrialisation, and that many proposed schemes will not in fact go ahead, while industries now under construction or starting operation will not be successful. It takes a generally gloomy

view of the prospects for export of oil and gas products (at present prices), petrochemicals and other basic industries including steel and (in the case of Dubai) aluminium. Even cement, for which there is mostly a good market, may in some cases have to be subsidised to compete with imports.

Among the reasons for this view, which is obtaining wider acceptance even in the Gulf

imports in 1976 (see table) the report will fill by 1982 to 1983, other goods, in particular imported foodstuffs and manufactured products.

Such goods are eminently containerisable and Peat Marwick concludes that by 1982 about 80 per cent of containerisable goods will be carried to the Gulf in containers. It puts the tonnage of containerised freight at 13m to 14m tonnes by 1982 com-

pared with about 500,000 tonnes in 1976.

Containers, of course, require far less berth space than bulk cargo. Yet, as the report says, the total containerised tonnage in use around the Gulf from Salalah in Oman to Bandar Abbas in Iran is to be increased over the next four years or so by 103 per cent, almost all of which is already under construction.

(This excludes military, free zone and specially indivisible ports.) Specialised container handling facilities will increase fourfold.

The consultants have tried to measure the need for berths 40, 50, 60, 70, 80, 90, 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, 260, 270, 280, 290, 300, 310, 320, 330, 340, 350, 360, 370, 380, 390, 400, 410, 420, 430, 440, 450, 460, 470, 480, 490, 500, 510, 520, 530, 540, 550, 560, 570, 580, 590, 600, 610, 620, 630, 640, 650, 660, 670, 680, 690, 700, 710, 720, 730, 740, 750, 760, 770, 780, 790, 800, 810, 820, 830, 840, 850, 860, 870, 880, 890, 900, 910, 920, 930, 940, 950, 960, 970, 980, 990, 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1220, 1230, 1240, 1250, 1260, 1270, 1280, 1290, 1300, 1310, 1320, 1330, 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410, 1420, 1430, 1440, 1450, 1460, 1470, 1480, 1490, 1500, 1510, 1520, 1530, 1540, 1550, 1560, 1570, 1580, 1590, 1600, 1610, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 1850, 1860, 1870, 1880, 1890, 1900, 1910, 1920, 1930, 1940, 1950, 1960, 1970, 1980, 1990, 2000, 2010, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100, 2110, 2120, 2130, 2140, 2150, 2160, 2170, 2180, 2190, 2200, 2210, 2220, 2230, 2240, 2250, 2260, 2270, 2280, 2290, 2300, 2310, 2320, 2330, 2340, 2350, 2360, 2370, 2380, 2390, 2400, 2410, 2420, 2430, 2440, 2450, 2460, 2470, 2480, 2490, 2500, 2510, 2520, 2530, 2540, 2550, 2560, 2570, 2580, 2590, 2600, 2610, 2620, 2630, 2640, 2650, 2660, 2670, 2680, 2690, 2700, 2710, 2720, 2730, 2740, 2750, 2760, 2770, 2780, 2790, 2800, 2810, 2820, 2830, 2840, 2850, 2860, 2870, 2880, 2890, 2900, 2910, 2920, 2930, 2940, 2950, 2960, 2970, 2980, 2990, 3000, 3010, 3020, 3030, 3040, 3050, 3060, 3070, 3080, 3090, 3100, 3110, 3120, 3130, 3140, 3150, 3160, 3170, 3180, 3190, 3200, 3210, 3220, 3230, 3240, 3250, 3260, 3270, 3280, 3290, 3300, 3310, 3320, 3330, 3340, 3350, 3360, 3370, 3380, 3390, 3400, 3410, 3420, 3430, 3440, 3450, 3460, 3470, 3480, 3490, 3500, 3510, 3520, 3530, 3540, 3550, 3560, 3570, 3580, 3590, 3600, 3610, 3620, 3630, 3640, 3650, 3660, 3670, 3680, 3690, 3700, 3710, 3720, 3730, 3740, 3750, 3760, 3770, 3780, 3790, 3800, 3810, 3820, 3830, 3840, 3850, 3860, 3870, 3880, 3890, 3900, 3910, 3920, 3930, 3940, 3950, 3960, 3970, 3980, 3990, 4000, 4010, 4020, 4030, 4040, 4050, 4060, 4070, 4080, 4090, 4100, 4110, 4120, 4130, 4140, 4150, 4160, 4170, 4180, 4190, 4200, 4210, 4220, 4230, 4240, 4250, 4260, 4270, 4280, 4290, 4300, 4310, 4320, 4330, 4340, 4350, 4360, 4370, 4380, 4390, 4400, 4410, 4420, 4430, 4440, 4450, 4460, 4470, 4480, 4490, 4500, 4510, 4520, 4530, 4540, 4550, 4560, 4570, 4580, 4590, 4600, 4610, 4



## HOME NEWS

## Some Player and Embassy prices rise

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE of most John Player and Embassy brands, which together account for more than half the UK cigarette market, will rise by 2p a packet of 20 from today.

The rises have been allowed by the Price Commission under its safeguard provisions, although it has still to investigate the rises. Under the safeguard rules, companies can ask for rises to be implemented before the investigation if it can be shown that profit margins would fall below a certain level during the three-month investigation.

The increases were sought by Imperial Tobacco, part of the Imperial Group, on behalf of its subsidiaries John Player & Sons, and Embassy Cigarettes.

WD & HO Wills, and Ogden's. From today, most Players and Embassy brands will go up by 2p. Players No. 6, for example, will cost 52p for 30-cigars; Embassy Filter will be 57p for 20. Players Medium will go up 1p to 46p for 20. John Player Special will remain unchanged at 50p for 20.

Golden Virginia tobacco will go up by 5p to £1.02 a 50-gram pack. Most other tobaccos go up 3p an ounce.

The rises have been sought to compensate for cost increases since the last rise in May 1977.

The increases are further evidence that the fierce price war between the cigarette companies could be coming to an end.

## Energy policy 'could hurt Britain's trade'

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT could harm Britain's position as a major trading nation if it pursued a policy of energy self-sufficiency, according to a report of the Royal Institute of International Affairs.

Mr. Lawrence Freedman, research fellow at the institute, writing in the issue of *The World Today*, said that the Government had made clear its belief that North Sea oil had created distinctive British interests which needed careful protection.

Such interests did exist, he said, but they were not overriding.

The instinct for self-sufficiency had already resulted in a counter-very within the ECSC and some of the economic benefits gained by self-sufficiency could be lost.

Even with independence in oil supplies, Britain will still be dependent on the rest of the world for trade and other raw materials.

If the oil was to regenerate British industry, the regenerated industries would need markets, and this in turn would require a better off than others. If its major trading partners are not trading Britain will suffer too.

Mr. Freedman argued that as a result of its oil, Britain would have a lever in international relations, particularly during the 1980s when crude oil supplies become tighter.

However, few firm decisions had yet been taken on either the *Robert Place, London, SW1*.

## Andrew Scott wins £1.8m Welsh factory contract

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Welsh Development Agency has awarded a £1.8m contract to Andrew Scott of Port Talbot to build six 25,000 sq. ft. factories on Rassau industrial estate, near first phase of development at Ebbw Vale, south Wales.

The factories form part of the estate's reshaping of 11m programme of industrial estate development and factory building in the Blaenau Gwent area, aimed at attracting industry to offset the shutdown of steel-making at Ebbw Vale in May, with the loss of 2,000 jobs.

Construction work is due to start in a week's time and the factories should become available for letting in early summer next year. Initially, they will provide space to support 400-450 jobs.

Further contracts for the construction of six 10,000 sq. ft. units, eight at 5,000 sq. ft. and two at 10,000 sq. ft. are at target.

## Marks and Spencer expansion

MARKS and Spencer's £200m development plan for the next four years includes the building of a very large store in Dublin, to be opened in 1980. New stores will also be built in Turin, Liverpool and Harrow, and existing stores will be extended. Sir Marcus Siefert, the chairman, said yesterday.

The group's development plan for the UK and Ireland was announced in May.

## Household insurance warning

BY ERIC SHORT

A WARNING about under-insurance is to be issued to householders insured with the Norwich Union Fire Insurance Society, a member of the Norwich Union Insurance Group.

They are to be told that unless sums insured on both buildings and contents are index-linked, the amount paid in the event of a claim will be scaled down.

The move is revealed in the latest notice sent to agents by the society's home accident department.

Insurance companies have been hit severely recently on their householders' accounts because many policyholders have failed to keep their sums insured up-to-date with inflation. This has meant that the premium income was inadequate to meet claims paid in full up to the limit of the sums insured.

The solution sought by companies was to link the sum insured to an appropriate index so that values rose automatically each month. But so far policyholders have had the option to link or remain unchanged and companies have relied on a policy of exhortation which apparently has not met with complete success.

This action by Norwich Union indicates that insurance companies are taking a tougher line in order to reduce the losses on householders' accounts.

If policyholders will not index their sums insured, then the amount of claims will be scaled down in proportion to the amount of under-insurance. For instance, if the sum insured is only £4,000 when it should be £20,000 then on a claim for £1,000 the payment would be £500.

The Sun Alliance Group, a leading household insurance company, is also proposing to take strong action to deal with under-insurance. Under its main policy which pays out claims on a full replacement value, the sum insured will have to be index-linked as a condition of the contract. It will allow the policyholder on its other policies the choice of index-linking or not, but where the sum insured has remained unchanged for at least two years then an under-insurance clause would be added which would scale down the claim payments.

## Act will ban supply of unsafe goods

DEFECTIVE AND unsafe goods manufactured and sold in this country will soon be outlawed by the new Consumer Safety Act.

A report in *Safety*, the monthly newspaper published by the British Safety Council, highlights the fact that the Act gives power to the Department of Prices and Consumer Protection to bring to task the manufacturers of faulty and unsafe goods, and Britain's 1,500 weights and measures inspectors will have a duty to enforce the Act which will mean fines of £1,000 for first offenders.

The Secretary for Prices and Consumer Protection will have the power to issue prohibition orders and notices on manufacturers, retailers and those operating storage facilities and may also introduce regulations prohibiting the supply of goods which do not adequately reduce the risk of death and personal injury.

## Rest of Style pieces to be auctioned

THE remaining contents of Waterbury Place, Mr. David Style's 18th century house in Kent — whose most valuable pieces were sold in May by Christie's for £1.8m — are to be auctioned next month.

This second sale, to be held on the premises by Christie's, South Kensington, should be of more interest for those with smaller budgets, the highest estimate for an item being £2,000-£3,000.

Among the furniture to be sold are two beds from Leeds Castle, several Charles II lacquer cabinets and an unusual pair of Regency black and gilt cabinets, each containing collections of stuffed birds. There are also about 100 pictures, European and Oriental ceramics and domestic equipment.

## Press faces curbs unless it cuts out 'sensationalism'

BY JOHN LLOYD

LORD SHAWCROSS, Press Council chairman, has warned that "dangerously restrictive" legislation will be brought in unless newspapers print less sensational and scandal.

In the council's report for the year ending June 1978, published today, Lord Shawcross says that privacy was the most important matter of principle with which the council had to deal over the year.

"There is no doubt that recent years have shown an increase in the tendency to ferret out and publish stories which have some disparaging implication for those involved, though they relate to matters which are the face of them are of no public concern."

"In the last year, and in spite of the enquiry by the Younger Committee, there has been no diminution in this tendency and I am sure that it ought to be halted and indeed reversed."

If it is not, "legislation, which would be dangerously restrictive of the freedom of the Press, will surely follow."

Shawcross notes that complaints made by Sir Harold Wilson in the run-up to the 23rd annual report of the Press and the People, from 1. Salisbury Square, London EC4Y 8AE, price mission on the Press.

## Warning over hopes for inflation cut

BY MICHAEL BLANDEN

SINGLE-FIGURE inflation over the period to 1982 is probably too much to hope for, it is argued today by stockbrokers Phillips Drew in their latest medium-term economic forecasts.

They are nevertheless more optimistic than they have been in the past about the outlook for wages and inflation. "We feel that the outcome in the 1977-78 pay round gives some grounds for hoping that the longer-term prospects for pay bargaining have improved discernably," they say.

Part of the moderation shown in the past pay round, the comments suggest, was "perhaps due to a greater understanding on the part of the labour force that demands for high nominal wage increases do not necessarily result in large increases in real take-home pay."

At least, the brokers say, the climate in which negotiations are conducted now seems more reasonable than in the 1974-75 round.

As a result, they have assumed in making their forecasts that there will be a 10-12 per cent increase in earnings in the 1978-1979 round under the Government's 5 per cent basic wage policy. This, they assume, will be followed by a period in which gross earnings rise, after a lag, by 1 per cent for every 1 per cent increase in the retail price index.

## Backbenchers 'must control expenditure'

BY MICHAEL BLANDEN

A STRONGER ROLE for backbenchers in the House of Commons is called for today by Mr. Terence Higgins, Conservative member for Worthing.

In an article in the latest issue of the *National Westminster Bank quarterly review*, Mr. Higgins argues that action by backbenchers is essential if the Commons must take place not only in select committees, but on the floor of the House.

Most current proposals for reform delegated responsibility to specialists even more than at present. A stage had to be developed and the natural place to start was the control of public expenditure.

Last week an all-party select committee called for a series of reforms to give Parliament greater power, largely through select committees monitoring the work of Government departments.

According to Mr. Higgins there had been "a remarkable reassertion of backbench power in the Commons" during the past 12 months.

"There is now the need to improve Parliamentary control of our economic affairs, and the present mood gives us the best opportunity to do so for many years."

In considering the best strategy for reform, it was necessary to examine both the way in which Parliamentary time was allocated on the floor of the House and the formal procedures for expenditure control.

The foundation of Parliamentary control, based on the control of supplies — the provision of money to the executive — had been "seriously eroded."

Debate and control of expenditure had been sacrificed.

Supply days, on which the subject for discussion was chosen by the official Opposition, should be retained for this purpose, but there should be a minimum allocation of public expenditure days for general debates on the control of public expenditure.

Select committee days should also be allocated for debates on votes on Public Accounts Committee and Expenditure Committee reports.

## College asks companies to sponsor research

THE HENLEY Administrative Staff College is inviting companies to sponsor scholarships to aid research into international business of interest to exporters and their customers. The scholarships would bear the companies' names.

At a recent meeting in New York senior UN executives agreed that Henley had the facilities with which to conduct research and identified problems in the developing world which could be funded either by UN sources or privately.

According to Mr. Michael Jones, newly-appointed director of Henley Centre for International Management, "There is no doubt that funds will be available and that the new inter-British Overseas Trade Board.

## Merseyside fights to win £50m plant

THE MERSEYSIDE chamber of commerce and industry has written to the local MPs urging them to bring pressure on the Government to ensure that all or part of the £50m micro-processor plant being set up through the National Enterprise Board is brought to the area.

Mr. Eric Varley, Industry Secretary, has stated that high unemployment areas would get preference in the selection of the site, and Merseyside, with a rate of over 12 per cent, urgently need the 4,500 jobs the project would bring.

The chamber says that inter-related skills already exist such as those at Plessey Telecommunications and the British Insulated Cables. "We consider that an entirely new industry with a predictably bright future would help to redress the balance and give an opportunity for employer-employee relationships to be built up on a modern basis unhampered by past precedents."

The Merseyside county council's new development office designed to co-ordinate efforts in bringing industrial investment to the area is spearheading the campaign supported by the North-West industrial development association and the North-West council of the TUC.

## New 'own your farm' Tory plan

Financial Times Reporter

A NEW "own your farm" plan aimed at confining sales of county council-owned smallholdings to sitting tenants is being launched today by the Conservative Party.

Mr. Michael Jopling, MP for Westmorland, and Tory spokesman on agriculture, says that, while the county councils should continue to decide whether to sell their smallholdings, the sales should preferably be confined to the sitting tenants at prices close to market values for tenanted property.

There are 9,887 smallholdings, covering 166,962 hectares, in England and Wales, heavily concentrated in a few counties such as Cambridgeshire, Norfolk, Lincolnshire, Somerset and Suffolk.

They used to provide "a very valuable first step into farming for thousands of young men."

In 1976-78 only 162 new tenancies — 1.6 per cent of the total — were granted and only 12 tenants during that period went on to take farms in private ownership.

"We believe that, with the full impact of the Agriculture (Miscellaneous Provisions) Act 1976 on hereditary tenancies, there is little likelihood of our smallholdings providing increased opportunities for young men," says Mr. Jopling.

This better growth profile, nevertheless, "is insufficient to reduce registered unemployment even in the medium term."

## Caledonian staff to share profits

BY LYNTON MCALIN, INDUSTRIAL STAFF

CALEDONIAN AIRWAYS, the appropriate financial year, will parent company of British be eligible.

Caledonian Airways, is to introduce a profit-sharing scheme for all eligible employees.

The scheme will be formally introduced at an extraordinary general meeting today and will start operating with profits made in the year ending October 31, 1978.

Each year up to 5 per cent of the group's pre-tax profits will be set aside for buying ordinary shares. These will be allocated to the group's 4,866 employees, including the directors, in proportion to individual salaries.

The shares will be held by a group of trustees for a qualifying period. During that time, dividends earned on the shares will be paid direct to the employees, who will be represented on the group of trustees.

Full-time employees over 21 have set aside £400,000 for years of age who pay UK taxes chasing employee shares if the company have been on the scheme had been operating. The pany payroll for at least two proposed dividend last year was years on the last day of the 6.7p per share.

## Airline sponsors pilot training

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways there will be a pilot shortage in is sponsoring a new flying train- the 1980s, and in order to ing scheme to help meet its pilot guarantee that we will have an adequate supply of pilots to keep pace with anticipated growth, we between the ages of 18 and 24, have decided to sponsor young and initially is sponsoring 10 trainees from scratch.

Places at the College of Air Training at Hamble, near Southampton. "Primarily, we are looking for school-leavers or graduates who have a genuine interest in a flying career."

After 21 months' training, the successful applicants will join British Caledonian for conversion training to airline standards.

Captain P. A. Mackenzie, the flight operations director, said: "It is generally accepted that due for delivery before 1980."

## School orders 30 Pipers

BY OUR INDUSTRIAL STAFF

THE OXFORD Air Training School has placed a £900,000 Tomahawk and 12 Piper order for 30 aircraft with the U.S. Piper Aircraft Corporation, the next 12 months.

The order is one of the largest for training aircraft to be awarded by a non-military body. The school is based on a fleet of 55 aircraft flying from Oxford and Carlisle, where it trains 250 full-time students from airlines around the world.

The Oxford Air Training school is the largest professional pilot training organisation in Europe, being evaluated for the role.

## Air Anglia to cover Stansted

AIR ANGLIA, the independent airline, will add Stansted to its Monday to Friday and single fares to Norwich will be £13.60, Leeds/Bradford £24.20, Edinburgh £33 and Aberdeen £39.90.



**HIGHVELD**  
STEEL AND VANADIUM  
CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

## DECLARATION OF DIVIDEND No. 8 (Final)

Notice is hereby given that dividend No. 8 of 11 cents a share, being the final dividend for the year ended June 30 1978, has been declared payable to shareholders registered in the books of the corporation at the close of business on August 25 1978. This dividend, together with the interim dividend of 5 cents a share declared on February 3 1978 makes a total of 16 cents a share for the year (1977: 15 cents).

The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about October 5 1978.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than August 25 1978. Shareholders must, where necessary, have obtained the approval of the South African Exchange Control authorities and, if applicable, the approval of any other exchange control authorities having jurisdiction in respect of such changes.

The share transfer register and register of members will be closed from August 28 to September 9 1978, both days included.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged audited consolidated income statement of the corporation and its subsidiaries for the year ended June 30 1978, is as follows:—

	1978	1977
Profit for the year before taxation	27 976	33 107
Less: deferred taxation	6 649	11 041
	21 327	22 066
Less: outside shareholders' interests	966	1 326
Attributable profit	21 081	20 740
Interim dividend No. 7 of 5 cents a share (1977—No. 5 (Interim) of 5 cents)	3 338	3 386
Provision for dividend No. 8 (Final) of 11 cents a share (1977—No. 6 (Final) of 10 cents)	7 454	6 772
Retained earnings for the year	10 159	10 582
Number of shares in issue at June 30	67 763 270	67 720 770
Taxed earnings per share for the year	31.0 cents	30.6 cents

As forecast, the deferred tax showed a further reduction this year as a result of substantial investment allowances derived from the commissioning of the plate mill and other items of plant associated with the flat product expansion.

By order of the Board  
A. J. L. Pretorius  
Company Secretary

Registered Office:  
Portion 29 of the Farm  
Schoongezicht No. 308 J.S.  
District Witbank  
(P.O. Box 111, Witbank 1035)  
Witbank  
August 4 1978

Transfer Secretaries:  
Consolidated Share Registrars Limited,  
62 Marshall Street  
Johannesburg 2001  
(P.O. Box 61881)  
Marshalltown 2107

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange



**CROSBY  
SPRING  
INTERIORS  
LIMITED**

Capitalisation Issue of 540,000 10 per cent.  
Cumulative Preference Shares of £1 each.

The above securities have been admitted to the Official List and dealings in them will begin on 7th August 1978.

Particulars of the Preference Shares are contained on cards circulated by Exte! Statistical Services Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 25th August 1978 from:

Charlton, Seal, Dimmock & Co.,  
PO Box 512,  
76 Cross Street,  
Manchester M60 2EP.

E. J. Collins & Co.,  
Fidars House,  
38/41 New Broad Street,  
London EC2M 1NH.



## Redemption Notice

## Hamersley Iron Finance N.V.

9 3/4% Guaranteed Debentures Due 1985

Unconditionally Guaranteed as to Principal and Interest by  
HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1970 under which the above-described Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on September 1, 1978, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, \$721,000 principal amount of Debentures of the said issue of the following distinctive numbers:

## COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

24	1326	2380	3545	4844	6110	7275	8798	9890	10841	11983	13140	14279	15362	17179	18141	19274
25	1356	2428	3582	4874	6132	7297	8820	9912	10863	11995	13152	14291	15374	17191	18153	19286
26	1386	2458	3612	4904	6162	7327	8850	9942	10893	12025	13182	14321	15404	17221	18183	19298
27	1416	2488	3642	4934	6192	7357	8880	9972	10923	12055	13212	14351	15434	17251	18213	19310
28	1446	2518	3672	4964	6222	7387	8910	10002	10953	12085	13242	14381	15464	17281	18243	19322
29	1476	2548	3702	4994	6252	7417	8940	10032	10983	12115	13272	14411	15494	17311	18273	19334
30	1506	2578	3732	5024	6282	7447	8970	10062	11013	12145	13302	14441	15524	17341	18303	19346
31	1536	2608	3762	5054	6312	7477	9000	10092	11043	12175	13332	14471	15554	17371	18333	19358
32	1566	2638	3792	5084	6342	7507	9030	10122	11073	12205	13362	14501	15584	17401	18363	19369
33	1596	2668	3822	5114	6372	7537	9060	10152	11103	12235	13392	14531	15614	17431	18393	19381
34	1626	2698	3852	5144	6402	7567	9090	10182	11133	12265	13422	14561	15644	17461	18423	19392
35	1656	2728	3882	5174	6432	7597	9120	10212	11163	12295	13452	14591	15674	17491	18453	19404
36	1686	2758	3912	5204	6462	7627	9150	10242	11193	12325	13482	14621	15704	17521	18483	19415
37	1716	2788	3942	5234	6492	7657	9180	10272	11223	12355	13512	14651	15734	17551	18513	19427
38	1746	2818	3972	5264	6522	7687	9210	10302	11253	12385	13542	14681	15764	17581	18543	19438
39	1776	2848	4002	5294	6552	7717	9240	10332	11283	12415	13572	14711	15794	17611	18573	19449
40	1806	2878	4032	5324	6582	7747	9270	10362	11313	12445	13602	14741	15824	17641	18603	19460
41	1836	2908	4062	5354	6612	7777	9300	10392	11343	12475	13632	14771	15854	17671	18633	19471
42	1866	2938	4092	5384	6642	7807	9330	10422	11373	12505	13662	14801	15884	17701	18663	19482
43	1896	2968	4122	5414	6672	7837	9360	10452	11403	12535	13692	14831	15914	17731	18693	19493
44	1926	2998	4152	5444	6702	7867	9390	10482	11433	12565	13722	14861	15944	17761	18723	19504
45	1956	3028	4182	5474	6732	7897	9420	10512	11463	12595	13752	14891	15974	17791	18753	19515
46	1986	3058	4212	5504	6762	7927	9450	10542	11493	12625	13782	14921	16004	17821	18783	19526
47	2016	3088	4242	5534	6792	7957	9480	10572	11523	12655	13812	14951	16034	17851	18813	19537
48	2046	3118	4272	5564	6822	7987	9510	10602	11553	12685	13842	14981	16064	17881	18843	19548
49	2076	3148	4302	5594	6852	8017	9540	10632	11583	12715	13872	15011	16094	17911	18873	19559
50	2106	3178	4332	5624	6882	8047	9570	10662	11613	12745	13902	15041	16124	17941	18903	19570
51	2136	3208	4362	5654	6912	8077	9600	10692	11643	12775	13932	15071	16154	17971	18933	19581
52	2166	3238	4392	5684	6942	8107	9630	10722	11673	12805	13962	15101	16184	18001	18963	19592
53	2196	3268	4422	5714	6972	8137	9660	10752	11703	12835	13992	15131	16214	18031	18993	19603
54	2226	3298	4452	5744	7002	8167	9690	10782	11733	12865	14022	15161	16244	18061	19023	19614
55	2256	3328	4482	5774	7032	8197	9720	10812	11763	12895	14052	15191	16274	18091	19053	19625
56	2286	3358	4512	5804	7062	8227	9750	10842	11793	12925	14082	15221	16304	18121	19083	19636
57	2316	3388	4542	5834	7092	8257	9780	10872	11823	12955	14112	15251	16334	18151	19113	19647
58	2346	3418	4572	5864	7122	8287	9810	10902	11853	12985	14142	15281	16364	18181	19143	19658
59	2376	3448	4602	5894	7152	8317	9840	10932	11883	13015	14172	15311	16394	18211	19173	19669
60	2406	3478	4632	5924	7182	8347	9870	10962	11913	13045	14202	15341	16424	18241	19203	19680
61	2436	3508	4662	5954	7212	8377	9900	10992	11943	13075	14232	15371	16454	18271	19233	19691
62	2466	3538	4692	5984	7242	8407	9930	11022	11973	13105	14262	15401	16484	18301	19263	19702
63	2496	3568	4722	6014	7272	8437	9960	11052	12003	13135	14292	15431	16514	18331	19293	19713
64	2526	3598	4752	6044	7302	8467	9990	11082	12033	13165	14322	15461	16544	18361	19323	19724
65	2556	3628	4782	6074	7332	8497	10020	11112	12063	13195	14352	15491	16574	18391	19353	19735
66	2586	3658	4812	6104	7362	8527	10050	11142	12093	13225	14382	15521	16604	18421	19383	19746
67	2616	3688	4842	6134	7392	8557	10080	11172	12123	13255	14412	15551	16634	18451	19413	19757
68	2646	3718	4872	6164	7422	8587	10110	11202	12153	13285	14442	15581	16664	18481	19443	19768
69	2676	3748	4902	6194	7452	8617	10140	11232	12183	13315	14472	15611	16694	18511	19473	19779
70	2706	3778	4932	6224	7482	8647	10170	11262	12213	13345	14502	15641	16724	18541	19503	19790
71	2736	3808	4962	6254	7512	8677	10200	11292	12243	13375	14532	15671	16754	18571	19533	19801
72	2766	3838	4992	6284	7542	8707	10230	11322	12273	13405	14562	15701	16784	18601	19563	19812
73	2796	3868	5022	6314	7572	8737	10260	11352	12303	13435	14592	15731	16814	18631	19593	19823
74	2826	3898	5052	6344	7602	8767	10290	11382	12333	13465	14622	15761	16844	18661	19623	19834
75	2856	3928	5082	6374	7632	8797	10320	11412	12363	13495	14652	15791	16874	18691	19653	19845
76	2886	3958	5112	6404	7662	8827	10350	11442	12393	13525	14682	15821	16904	18721	19683	19856
77	2916	3988	5142	6434	7692	8857	10380	11472	12423	13555	14712	15851	16934	18751	19713	19867
78	2946	4018	5172	6464	7722	8887	10410	11502	12453	13585	14742	15881	16964	18781	19743	19878
79	2976	4048	5202	6494	7752	8917	10440	11532	12483	13615	14772	15911	16994	18811	19773	19889
80	3006	4078	5232	6524	7782	8947	10470	11562	12513	13645	14802	15941	17024	18841	19803	19900
81	3036	4108	5262	6554	7812	8977	10500	11592	12543	13675	14832	15971	17054	18871	19833	19911
82	3066	4138	5292	6584	7842	9007	10530	11622	12573	13705	14862	16001	17084	18901	19863	19922
83	3096	4168	5322	6614	7872	9037	10560	11652	12603	13735	14892	16031	17114	18931	19893	19933
84	3126	4198	5352	6644	7902	9067	10590	11682	12633	13765	14922	16061	17144	18961	19923	19944
85	3156	4228	5382	6674	7932	9097	10620	11712	12663	13795	14952	16091	17174	18991	19953	19955
86	3186	4258	5412	6704	7962	9127	10650	11742	12693	13825	14982	16121	17204	19021	19983	19966
87	3216	4288	5442	6734	7992	9157	10680	11772	12723	13855	15012	16151	17234	19051	20013	19977
88	3246	4318	5472	6764	8022	9187	10710	11802	12753	13885	15042	16181	17264	19081	20043	19988
89	3276	4348	5502	6794	8052	9217	10740	11832	12783	13915	15072	16211	17294	19111	20073	19999
90	3306	4378	5532	6824	8082	9247	10770	11862	12813	13945	15102	16241	17324	19141	20103	20010
91	3336	4408	5562	6854	8112	9277	10800	11892	12843	13975	15132	16271	17354	19171	20133	20021
92	3366	4438	5592	6884	8142	9307	10830	11922	12873	14005	15162	16301	17384	19201	20163	20032
93	3396	4468	5622	6914	8172	9337	10860	11952	12903	14035	15192	16331	17414	19231	20193	20043
94	3426	4498	5652	6944	8202	9367	10890	11982	12933	14065	15222	16361	17444	19261	20223	20054
95	3456	4528	5682	6974	8232	9397	10920	12012	12963	14095	15252	1639				







# Building and Civil Engineering

## £16m Saudi Arabian bank contract

A CONTRACT worth £16.3m for the construction of a bank in Riyadh, Saudi Arabia, has been awarded to Laing Wimpey Alireza by the Saudi Arabian Monetary Agency (SAMA).

The structure will be protected by an extended aluminium sunscreen and will be on reinforced concrete foundations, with a basement plus ground floor, and four reinforced concrete towers, clad in polished granite.

The 95,500 sq ft building's four floors above ground level will be suspended from structural steel frames supported on the four towers.

Fully air-conditioned, the building will have vaults and security courts below ground.

## £4m award in Abu Dhabi

A PREPARATORY works contract, worth £4m, for a new petrochemical and industrial complex at Ruwais in Abu Dhabi, United Arab Emirates, has been awarded by ADNOC, the national oil company, to Al Quebeisi Mowlem, a John Mowlem and Company associate.

At the western end of the state, Ruwais is being developed from a crude oil exporting facility into a major industrial and petrochemical complex from where finished products developed from the crude oil and natural gas will also be exported.

## Kyle Stewart kept busy

LATEST awards to Kyle Stewart include a £2m contract for the Wiggins Teape Organisation at John Glory Mill, Woburn Green, Bedfordshire. After the diversion of a stream, work will go ahead on the construction of a new water building and a quality control laboratory.

Completion is planned for November 1979. Work is also proceeding on the fitting-out of three floors to provide offices, sales area, kitchen and dining facilities for Thames Television at Intra-Work in Tottenham, London. The contract, valued north just over £2m has been at £500,000 the contract completion is expected in December of this year.

A further contract for Birmo in Birt, at Whitby Avenue, Park Royal, London, involves alterations to a canteen, dining rooms by 90 metres on the site of the site and maintenance area. The one-time Chaucer Barracks in Birmo is expected to be completed in July 1980.

Finally, a start has been made on the refurbishment of a Georgian terraced house in John Glory Mill, Woburn Green, Bedfordshire. After the diversion of a stream, work will go ahead on the construction of a new water building and a quality control laboratory.

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## Radiation kept inside the walls

GAMMA radiation is highly penetrating and dangerous to humans. Any structure intended to provide a barrier between it and the outside world must be correspondingly dense throughout, with no paths a poorly attenuated beam might follow to cause external damage.

On the other hand, gamma radiation is very useful as a means of killing bacteria which are otherwise very difficult to eliminate, either because of their innate hardness or because of resistance they have built up.

Johnson and Johnson is building a £2m facility at Livingston New Town in West Lothian, Scotland, to radiation sterilise surgical gloves for the UK.

hospital network and Tarmac is putting the finishing touches to the unique building which will house the cobalt source and operating mechanism.

This building, only 11 metres square, nevertheless weighs some 1,600 tons, having walls 1.5 metres thick. There are no ties but a very large amount of reinforcement and some 270 cubic metres of concrete have been used in the walls alone, in a pour which lasted a whole working day. The cap slab contains 175 cubic metres of concrete.

Consistency and rate of pour were very closely monitored under constant supervision from Tarmac's Grangemouth laboratories and to basic concepts evolved by the Canadian Atomic Energy Commission whose radiation sterilisation experts will soon come to Livingston for the fitting out of the plant.

Though there are other cobalt sterilisation plants in Britain, this is the first, built to this Canadian design, which is particularly massive in its structure.

The test using the Vicat apparatus for standard consistency, and setting time, where water content is critical, requires a standard environment in terms of relative humidity in addition to temperature.

Strength tests remain as compressive strengths of mortar and concrete cubes but machine mixing for the concrete is brought in.

It is anticipated that the mortar cube test will be deleted on the first revision of this part of the standard. Its replacement, the ISO mortar prism test, has not been included since this method is at an advanced stage of revision.

To facilitate the reproducibility of results between laboratories, conditions are to be more rigidly controlled, with minimum relative humidity of 85 per cent in the mixing room and 50 per cent in the testing laboratory.

BSI is on 01-629 9000.

Stability of cement is also covered by the maximum limits for total sulphur content, in relation to the revised levels of calculated alumina.

Since the greater

fineness of rapid-hardening Portland cement allows a distinction to be made between the permitted contents of total sulphur in the two types of cement, different maximum levels are now specified for each.

Major changes under BS 4550, now published in six parts, include more precise control of sampling by the introduction of a sampling tube for use in bags or drums and a ladle for bulk consignments. Determination of density is separate from the test for fineness for which alternative permeability cells are specified.

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## Sugar plant and silos

MITCHELL CONSTRUCTION has been awarded a contract worth £2m for the erection of processing buildings and two silos to hold refined white sugar at British Sugar's Peterborough, Northants factory.

The Peterborough conversion is part of British Sugar's £150m expansion and modernisation programme designed to provide the UK with half of its sugar requirements by 1980.

Mitchell's contract, due to be completed by September of next year, involves the placing of over 7,000 metres of concrete, over a quarter of which must be accurately placed in the bases for the silos which are 45 metres in diameter. As the concrete in each ring beam must be poured in one operation to within a specified tolerance of ±3mm, a tracking laser beam will be used to give an accurate level.

WANDSWORTH, Borough Council has placed a contract with Corral Construction for the modernisation of 76 flats on the Wandsworth Plain estate in south-west London. Worth nearly £400,000, the contract will take 42 weeks.

According to Corral, an unusual aspect of the contract is that the tenants will decide the volume of work to be carried out, after certain statutory requirements such as rewiring, have been fulfilled.

The total work involved in each flat could be a full rewire, central heating, modernisation of the kitchen, bathroom and redecoration. It is expected that most of the flats will receive the full treatment.

Corral Construction is a member of the Powell Duffryn Group.

£1.7m jobs for Wimpey

FOUR contracts valued in total at over £1.7m have been awarded to George Wimpey. The largest is for the erection of 26 houses and 74 flats for the North British Housing Association at Runcorn, Cheshire. Work is just starting on this £980,000 contract which is due for completion in March 1980.

At Osogby near Selby, Yorks, the company has been contracted to build a single-storey primary sub-station building for the Yorkshire Electricity Board. The contract calls for reinforced concrete rafts supported on piles, steel frame with aluminium cladding and walls. The structure is to be bounded by a compound with brick screen walls on concrete rafts. Work starts in August and is scheduled for completion in March 1980.

In Manchester the contract is for a steel frame warehouse for Crosby Kitchens of Sheffield. The value of this is about £260,000. Work is due to start shortly on the 2,475 sq metre warehouse which will have asbestos sheet roof. The contract, which is due for completion in April 1979, includes reinforced concrete retaining walls, a single-storey extension to an existing showroom and all associated services.

The fourth contract is for the construction of a three-storey office block at a cost of £168,000, at the new headquarters of the company at 100, St. Helier Industrial Estates at St. Helier in Lancashire. Valued at £100,000, this is for a roadway to a factory estate in the town.

Another job for Mears is for English Industrial Estates at St. Helier in Lancashire. Valued at £100,000, this is for a roadway to a factory estate in the town.

£3m road works for Mears

EARTHWORKS ON the Gloucester northern by-pass, are to be undertaken by Mears Contracting under a £3m contract awarded by the Gloucestershire County Council.

The work which will take 12 months will involve importation of about 200,000 cubic metres of material. Also included is associated drainage and ancillary works together with the construction of two culverts and the diversion of a side road.

Mears has also been awarded a £1.1m contract by the Secretary of State for Wales for improving the A40 between Pont Loeig and Black bridge near Whitland, Dyfed.

This involves building 1.8 km of trunk road with a single 7.2 metre wide carriageway which will eventually form part of the Whitland by-pass.

A third contract, valued at £840,000, is to be carried out for the City of Southampton and involves the construction of a three-lane dual carriageway between Southampton Central Station and Millbrook Station. Also included in the work is a stretch of two lane dual carriageway.

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At Osogby near Selby, Yorks, the company has been contracted to build a single-storey primary sub-station building for the Yorkshire Electricity Board. The contract calls for reinforced concrete rafts supported on piles, steel frame with aluminium cladding and walls. The structure is to be bounded by a compound with brick screen walls on concrete rafts. Work starts in August and is scheduled for completion in March 1980.

In Manchester the contract is for a steel frame warehouse for Crosby Kitchens of Sheffield. The value of this is about £260,000. Work is due to start shortly on the 2,475 sq metre warehouse which will have asbestos sheet roof. The contract, which is due for completion in April 1979, includes reinforced concrete retaining walls, a single-storey extension to an existing showroom and all associated services.

The fourth contract is for the construction of a three-storey office block at a cost of £168,000, at the new headquarters of the company at 100, St. Helier Industrial Estates at St. Helier in Lancashire. Valued at £100,000, this is for a roadway to a factory estate in the town.

Another job for Mears is for English Industrial Estates at St. Helier in Lancashire. Valued at £100,000, this is for a roadway to a factory estate in the town.

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## Protecting a drainage pipeline

RECENT INSTALLATION of a 420m long drainage pipeline on the site of the old Beckton gas works posed severe problems for the protection specialist company.

The brief—despite severe ground contamination—was to protect the 2.4m diameter pipes from chemical attack for the 100-year design life of the system. On-site tests confirmed ground contamination with sulphuric and nitric acids, sulphates, phenols and ammonia compounds, all of which are aggressive to any type of Portland cement concrete.

The consulting engineers, Mason Pittendrigh and Partners, investigated a number of possible solutions. Finally, they selected Rocla pre-stressed concrete non-pressure pipes with an external protection system evolved with Colebrand.

In the procedure adopted for coating the 2.4m diameter pipes the whole of the outside of the pipe and the contact surfaces inside the joints were lightly sand-blasted. A first coat of polyurethane primer was applied by airless spray on to the prepared concrete surface. When this was dry a second coat of primer was applied, this being a pigmented polyurethane resin incorporating aluminium leaf.

The latter was included to enable a spark test to be carried out and it is probably the first time ever that such a test has been used on a concrete coating. The two coats of primer completely covered the whole of the rough surface of the sand-blasted concrete and the cement cover coat and the surface of the concrete inside the joint.

In some cases it was found that the sand-blasting of the concrete inside the joint left a rough surface, even after the application of the priming coats. It was therefore decided to apply, by hand, a fine epoxide paste to the concrete to produce a very smooth surface so that the joints could be made without difficulty.

A coat of CXL 4000 polyurethane resin was applied to the second coat of primer to a previously unattainable thickness of 2 mm. This thickness was reduced to 1 mm inside the joint. A rigorous spark test was then carried out prior to the application of the final coat of polyester resin. The consultants also appointed a testing engineer to carry out additional spark tests to those carried out by Colebrand as part of their standard quality control procedure.

Finally, in order to ensure that the protective coating was not damaged during transport or laying, a coat of polyester resin incorporating chopped glass fibre was applied to a thickness of 3 mm.

The project, described by Colebrand as possibly the largest and most complex of its kind ever carried out in this country, was completed on time and without damage to the pipes during transport or laying.

The contract was undertaken on behalf of the London Borough of Newham acting as agents for the Thames Water Authority. The Main contractor was Streeter and Co. of Godalming, Surrey.

Colebrand House, 20 Warwick Street, London W1R 6BE. Tel: 01-439 9191.

North Wales factory

JOHN LAING CONSTRUCTION has started work on a £1.6m contract to build a factory for Tetra Pak Rausing and Company on a 14-acre site at the Maer Industrial Estate, Wrexham, North Wales.

The factory will include single-storey production and warehousing areas with adjoining two-storey office and utilities blocks. A material store, roads, car and lorry parks are included in the contract. Architects are B. S. Konsult of Stockholm.

The 109-acre Maer Industrial Estate is owned by Laing Development Company and will be let to a number of the Joseph Cartwright group.

£143,000 contract to refurbish London Transport offices in Southampton Street, London WC2E, has been awarded to Walter Lawrence and Son. Completion is due in March 1979.

Latest contracts won by M. Harrison and Co. (Leeds), include a health centre at Shildon for the Bradford Health Authority (£171,000), fitting out of an office block in the Pennine Centre, Sheffield (£103,000) and installation of an external staircase and lift shaft at the same centre (£140,000). The company is also undertaking refurbishing of several pubs for Joshua Tetley.

Hayward and Woner of Bath, to the is now a member of the Joseph Cartwright group.

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## A FINANCIAL TIMES SURVEY

## STANDBY POWER

OCTOBER 9 1978</



Business  
courses

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The Skills of Purchasing. Arlington Hotel, London, October 2-6 (residential). Fee: £220 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent.

The Export Sales Executive's Course. The College of Management, Rugby, Warwickshire, October 2-13. Fee: £585. Details from The College of Management, Dunchurch, Rugby, Warwickshire.

China Today. Management Centre Europe, Brussels, August 29-31. Fee: Bfr 29,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium.

New Techniques for Decision Making. Brunel University, Uxbridge, Middlesex, September 28-29. Fee: £150. Details from Brunel University, Uxbridge, Middlesex.

## Why businessmen are failing the screen test

BY NICHOLAS FAITH

A GHOST has finally been laid. Independent television can no longer be accused of being afraid of the world of business. But as one spectre fades, so another appears: businessmen in the news can now be accused of being scared of the cameras, to the extent that their own case, against government, unions, or the consuming public, is bound to go by default.

The programme Time for Business was a long time gestating. It was not until last October, 22 years after commercial television started in Britain, that an ITV station got round to running a regular weekly news magazine devoted exclusively to the world of business, finance and economics. From Thames TV, Time for Business ran for an initial 20 weeks and was sufficiently successful to come back for a short summer season, and then, on a more regular basis, in the autumn.

Our success was highlighted by the audience figures—far higher than for the only direct competitor, The Money Programme, and higher too than for similarly serious offerings presented at the same time of night. The only major problem we had—and it was serious enough to dictate a change in the format when we return to the screen—was with the subjects of our series, the people, virtually all of whom run British business. The more newsworthy their activities, the less anxious they were to appear before the camera. And, because their reluctance appears so general, so ingrained, the new series

cannot concentrate on the week's news to nearly the same extent as the first one.

On the face of it, this is extraordinary. For many years the business world has been complaining that its activities have not been allotted sufficient airtime. Indeed, early last year a conference was devoted to the subject of television and business.

One might have expected that, faced with a team able to handle the world of industry and finance, then businessmen would unbend, would make themselves available, would admit the cameras to their debates and the factories and offices they controlled.

This assumption turned out to be almost completely unjustified so far as businessmen in the news were concerned. The list of top businessmen, from Sir Arnold Weinstock to Sir Charles Villiers, who were conspicuous by their absence from the programme was legion, and the roll-call of those who refused to allow the cameras into their factories and offices is scarcely less distinguished.

There were exceptions—especially in the City of London which, in general, proved markedly more co-operative than industry, or than its historic image would suggest. The example of the City Communications Centre, a small group set up to encourage City people to communicate more freely, followed this co-operative attitude.

(Indeed it was the City, in the



person of Robin Leigh-Pemberton, chairman of NatWest, who provided the team's only hero: on the series' opening night, he sprinted half the way from the Guildhall to Thames studios in the Euston Road in 'pouring rain—and white tie and tails—to comment on the Chancellor's speech at that night's Lord Mayor's banquet, only to arrive just as the programme was going off the air, and yet still found time to be nice about his miserable extended jogging session.

But Leigh-Pemberton was a glaring exception. It was not that the great and good in general spurned our advances—just that the refusal rate was in-

nitely higher among businessmen than in the political or trades union world. Three cabinet ministers, a number of their junior brethren, as well as trades union leaders found time to appear, even though we deliberately called on them only when there was a particularly controversial news peg to support their appearance.

The contrast with top businessmen was painful. They are, of course, only too happy to appear in general discussions of the "What's wrong with..." type, but they funk—there is really no other word for it—appearing when their own interests are directly at stake, the

very time when they have a chance to interest the public in their views.

As any experienced business journalist will confirm, the general views of the upper crust of British business tend to be stereotyped and repetitive—which is saying that they are only human, like the rest of us. Business leaders, like other experts, are exceptional and interesting only on their own subject—but when their subject is in the news they will not come and talk about it. Then they complain they are misunderstood.

The reasons for businessmen's absences were many and various, open and undeclared, although the major excuse for not appearing in the past—the ignorance of industry on the part of those involved in producing problems had been removed by the recruitment of a team of highly qualified business journalists. The usual reason was that businessmen work in the evenings; they have to attend a great many dinners and other formal occasions—though surely not more than politicians or union leaders (though, admittedly, they do travel further and more frequently than either of the other categories). They are not chosen for their ability to communicate, and are often very bad at projecting themselves in public—a deficiency of which, if anything, they are over-aware.

Many businessmen compound their difficulties by relying on public relations staffs to prepare the scripts for them. The combined effect of these shortcomings was seen at its direct at the CBI's first convention at Brighton last November. Speaker after speaker ascended the podium to utter a series of platitudinous and repetitive half-truths, mostly harping on the twin themes of over-taxation and inability to invest abroad. Indeed if Time for Business or any other current affairs programme had wanted to put the boot into the business world, really and truly, then it had only to run long extracts from these so-called "debates." The few exceptions—notably Terry Beckett of Ford—demonstrated with painful clarity what the vast majority of speakers lacked in content and delivery.

The tragedy of so many of these same business leaders—as of the absentees from our programme—is that in face-to-face conversations on their own subjects (and in their own words, not those put into their mouths for the occasion) they are the most convincing and cogent of disputants—their style exactly suited to the conversational note so essential in television.

But this general lack of confidence vis-a-vis television is as nothing compared with the general terror inspired by the idea of industrial unrest which could be caused by any appearance or any tele-intrusion into factories or offices. The most dramatic instance was when the Post Office, at 24 hours' notice, backed out of a commitment to

face a group of telephone users drawn from every corner of the business firmament because of fear of upsetting some delicate negotiations with the telephone engineers.

These, it was alleged, were coming to a head even as our programme was to be broadcast. As far as we can see, the crunch is still coming and a major chance was missed to defend the Post Office's by no means despicable record in front of an audience which by that stage in the programme's development, had reached the one and a half million mark in the London area.

There were numerous other cases where management, by refusing to appear, handed over the initiative to the unions. Or, in many instances, simply faked the row that could possibly, conceivably, be caused by allowing cameras into a factory.

By behaving in this way, private industry is simply giving up one of its best weapons—influencing public opinion. The opportunity is unique—the only programme devoted to business on a majority channel (the BBC's admirable Money Programme is, of course, confined to BBC2). And it is all very well for businessmen to retain a residual feeling that they are not responsible to the public, but only to their shareholders.

All right, but the corollary is that if they feel they can ignore the public, then the public will ignore them.

Nicholas Faith is financial consultant to Thames TV's programme, Time for Business.

READERS will be happy to know that this is the last of the tetralogy devoted to foreign travel.

It should be remembered that if a traveller falls ill within a few days, weeks or months of returning home, it is essential that he tells his doctor which countries he has visited and even the places where he may have had to spend a few tedious hours in some dreadful transit airport.

The reason is simple: certain tropical diseases can be contracted in a particular area and they may take a long time to incubate. Tropical dysentery, of various types and causes may

greatly puzzle the doctor who is not given a complete history by the patient. Without such knowledge, his diagnosis may be wrong and the correct treatment dangerously delayed.

Rarities such as the deadly Lassa fever can easily be missed because, to begin with, the signs and symptoms are similar to those of influenza. Soon, however, it will be evident that a dreadful malady is present which could kill the sufferer and those around him. Any delay in diagnosis and treatment reduces the possibility of recovery very markedly.

Other less rare diseases not uncommon in certain parts of

the world may prove yet more difficult to diagnose because they are so tardy in appearing.

Infective hepatitis, for example, which produces jaundice and considerable illness, may take up to eight months to appear, although the average incubation period is around three months. With so great a time lag, it is easy to forget to mention overseas travel as the memory vanishes as quickly as the sun. Then there is our old friend

## Sickening reminders of tropical travel

## EXECUTIVE HEALTH

BY DR. DAVID CARRICK

malaria. Theoretically, those who have taken proper precautions before, during and after visiting malarial areas, should not be affected, but cases do turn up and may bewilder the unbriefed physi-

cian. I must admit to being caught out myself quite recently. The patient, a man of 60, complained of lassitude, anorexia, drenching night sweats and other odds and ends. I thought of a number of possibilities, particularly tuberculosis, which is not so rare as it was a decade ago. But it was a pathologist who solved the problem when he had examined blood samples I had sent him: yes, it was malaria.

excuse for missing this because, although the patient had indeed had malaria, it had occurred in Burma 33 years before! He was cured easily, but I found the case to be a valuable lesson in the vagaries of nature and the necessity for the doctor to consider every possibility, even if the answer is improbable.

Lastly there is jet-lag. This can prove to be very disconcerting at the best and, at the worst, may lead to very dangerous decisions being taken. The cause is a pathological interference in one's metabolism caused by behaving in a manner hardly envisaged by the Almighty. Flying east-west or vice-versa, involves the crossing of time barriers. Aggravating as this may be psychologically, the

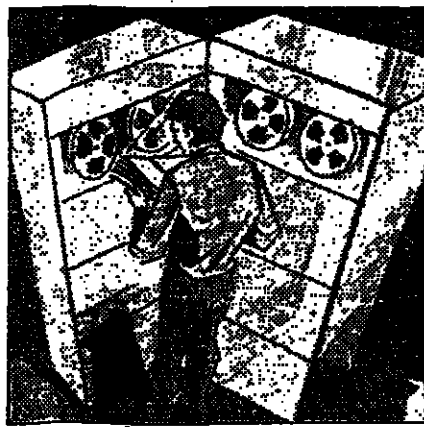
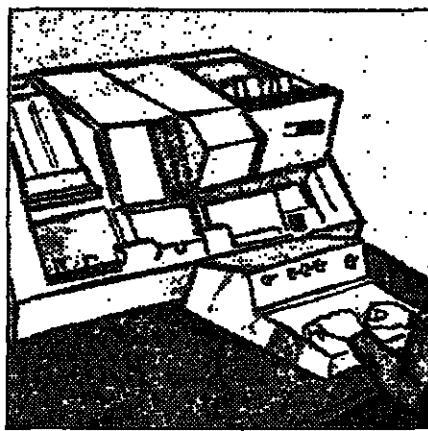
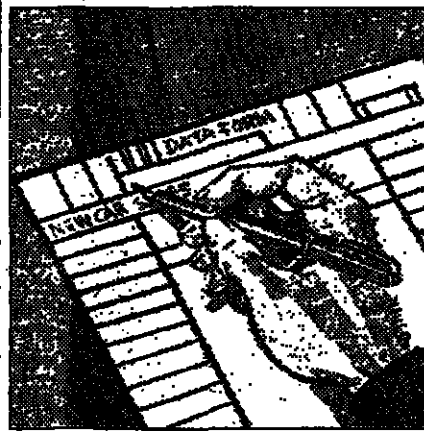
human body is not prepared for such liberties and will not fail to complain. Very basically, the day-time metabolism differs considerably from the nocturnal process when the body expects to "idle," so to speak. Thus if one has altered the "body-clock" artificially, time is out of gear and the result is not dissimilar from trying to drive a car flat-out when the motor can only idle.

The result—depending on distances and speeds—may be very disturbing. Mild confusion; marked memory lapses and even irrational behaviour may occur and last for up to seven days. Often the sufferer is unaware of his predicament until he has returned home and discovers his behaviour to be strange. When

in a foreign country, however, with alien tongues and funny money and customs, he expects to be confused and attributes anything odd to these factors. The matter can be very serious, particularly for politicians and executives who may well make absurd or disastrous decisions.

Many sensible companies tell their executives to take 48 hours off at each end of the journey or, better still, to break the voyage half way for a few days. But 48 hours is not always sufficient as some people are affected for longer periods. One day, I hope, urine tests for metabolites etc. should be able to demonstrate exactly when the metabolism has returned to normal. Until then, we must depend on trial and error. But any organisation so obtuse as to fail to allow for the condition, deserves the results of chaotic decisions arising from the phenomenon.

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LOMEARD

# Caring about the dollar

BY DAVID LASCELLES

ONE WOULD hesitate to use the word dialogue to describe what passes to and fro across the Atlantic between governments seeking a way out of the industrialised world's economic difficulties. It's more of a double monologue in which the Americans, while having plenty to say, pay small heed to the Europeans and vice versa. However, the Europeans might grasp more of what comes at them if they appreciated just one fact: that the weak dollar they worry about could hardly bother the Americans less.

By way of illustration, let me describe a recent lunch meeting in New York at which the senior economist of one of the city's largest banks held forth at some length on his country's economic problems. His analysis lasted through the soup course, through the entrée and well into dessert. It was a thorough piece of work covering the food of business and the consumer, housing starts, inventories, capital spending, inflation, interest rates and profit outlook.

To the Americans present, he had covered the field. To the Europeans he had left out a not insignificant thing, the dollar. When asked whether this was accidental or intentional, the economist replied "a bit of each". He was polite to admit the possibility of accident at all. For the truth is that Washington has far more important things to worry about than the dollar. And as for the man in the street, the dollar's decline is something of which he remains blissfully unaware until the day he steps off a plane in Europe, or worse—Japan.

It is easy for European countries, who rely so heavily on foreign trade for survival, to forget that exports and imports account for only 5 per cent of the U.S. GNP. It is also hard for Europeans who spend their days eating Kellogg's cornflakes, riding in Ford cars, and drinking Coca-Cola to comprehend that U.S. industry rates among the least export-oriented of any in the industrial West. Why bother with exports when the home market is so big and so rich? And if the outside world is so unimportant, why bother about dollar parity?

So much for fundamental attitudes. What about Washington? If one were to list President Carter's major preoccupations on the economic front at the moment, they would probably run as follows:

1.—Inflation. This has nothing to do with the dollar. The causes are the government deficit, declining labour productivity and a critical shortage

of meat. The only conceivable foreign trade involvement—oil—actually works in the country's favour since the real price of oil goes down with the value of the dollar.

2.—Taxation. The Administration's tax reform proposals would actually reduce the overall level of taxation, thereby giving an added impulse to consumer spending and—presumably—imports, weakening the dollar still further.

3.—Energy. Though the aim here is to reduce oil imports and thereby improve the balance of trade, the debate within the U.S. itself is far more concerned with technical issues like the deregulation of natural gas prices than with the need to strengthen the currency. Furthermore, the fact that the Energy Bill has now been bogged down in Congress for 15 months does not imply much concern for the fate of the dollar.

4.—Economic Growth. The first half of the year was encouraging, but the prospects are cloudy. Although the Fed is acting cautiously by raising interest rates, it is now in open conflict with the White House which is more concerned with maintaining the economic momentum and holding down prices.

Big deficits

5.—Only here could one list the dollar. But where does the U.S. interest really lie? At a time of big trade deficits, declining ability to compete and demands for industrial growth, there can only be one answer: a cheaper dollar to help U.S. exporters penetrate those tricky European and Japanese markets.

It is not surprising, therefore, that at Mr. Carter's latest news conference, which took place just as the dollar was hitting the ¥200 mark for the first time, there was not a single question about the problems besetting the national currency, not about how the President proposed to deal with them.

It is tempting, of course, to argue that the Americans have cared not one cent about the dollar since Mr. Nixon closed the gold window. But that is not altogether true. There are people in Wall Street who point out the dangers, there are others who talk about the U.S. responsibilities as guardian of the major world currency. And there are those who want to see the dollar's decline as a sign of the government's failure to control inflation. But their combined voices get lost in the general hubbub.

[THE WEEK IN THE COURTS]

# Judiciary unsympathetic to discrimination claims

BY JUSTINIAN

IT WAS inevitable sooner or later that the main investigative bodies established by Parliament in recent years to deal with the citizens' grievances against authority, in particular against discrimination in the field of employment, would come under judicial scrutiny. Also inevitably, it fell to the Master of the Rolls, Lord Denning, to utter strident criticisms of such organisations that appear to be taking over the functions of the courts.

A pair of cases at the end of the law year, on appeal from the Employment Appeal Tribunal involved the right of aggrieved persons (aided in both instances by the Equal Opportunities Commission and the Commission for Racial Equality) sought disclosure from their employers of documents in order to sustain their actions for unlawful discrimination. Did Parliament, when it gave employees the right to bring actions, intend to give them incidentally also the right, before trial, to have inspection of all relevant documents in the possession or under the control of their employers, even though such documents had come into existence under a promise from their source that they will be treated as confidential?

In the first case a married woman employed by the Secretary of State was seeking promotion to the grade of executive officer. When she failed she complained that it was due to discrimination on the grounds of race, trade union activities and that she was a married woman. The Council disclosed her own confidential reports, but declined to disclose reports on two clerical officers who were also selected for interview. Over the protest of one of the officers, the Employment Appeal Tribunal had ordered disclosure of the reports to the complainant, but the Court of Appeal reversed that decision on the ground that the supply of the names of rival candidates, their qualifications and other details about them went quite far enough in assisting the complainant. The Council was entitled to draw the line at information about other applicants for promotion which had been given and received in confidence.

In the second case, British Leyland resisted disclosure of information about four Asian employees, including an Asian interviewed for vacancies in the firm. The Asian, when unsuccessful in interview, complained that he had been discriminated against on the grounds of race, his three

## Earlier view

Lord Denning however goes further in revealing his antipathy to the law's intrusions into this area of industrial relations when he complained earlier in his judgment: "The statutory provisions should not be taken to mean (the employers) as if they were miscreants seeking to evade the law, seeking to keep back incriminating documents. If the statutory Commissions seek to impose the law too tight, they will find that it will lash back against them."

This outburst accords with Lord Denning's earlier view that the two Commissions possessed "inquisitorial" powers never before known to the law.

Lord Denning's strictures (significantly not endorsed expressly by his two judicial brethren) seem misplaced. Under the law an aggrieved party is now given a right to compensation for unlawful discrimination, in cases of alleged sex or racial discrimination the burden of proof is on the applicant; but when there is a complaint based on discrimination because of trade union activities it is the employer who has to show the burden of proof in his application taken against the complainant.

If complainants cannot have wide powers of disclosure of their employers' documents in cases of sex or racial discrimination there will inevitably be demands for a reversal of the burden of proof in those two cases. It is hard to see why Lord Denning wants to produce such Parliamentary

reaction for the sake of not extending sensibly the ambit of disclosure of relevant documents. After all, disclosure of documents in court proceedings is strictly restricted to the parties to that litigation; no one is entitled to use such documents for any purpose other than the court case. Hence any breach of confidentiality is strictly confined.

When Lord Denning talks scarily of the formidable powers of investigation of the CRE he cannot be unimpressed that for a long time the factory inspectorate has deployed immense powers with great wisdom and care against factory owners who might be failing to protect their workmen from the industrial hazards to health and safety.

All Lord Denning's fears and forebodings about the investigative powers of the CRE and the CRE sit uneasily alongside his views of the powers of the Parliamentary Commissioner for Administration (the Ombudsman) and the Commissioners for Local Administration (the local Government Ombudsmen). In a case brought by Bradford Metropolitan Council to stop an investigation by the local commissioner for the north and north-east areas of England into the administration of the local authority's powers in the field of child welfare no such perturbations fell from Lord Denning's lips.

The argument by the local authority was that before any investigation could be undertaken there had to be a specific complaint of maladministration.

Lord Denning said that "in the nature of things a complainant only knew that he had suffered injustice. It was too heavy a burden for the complainant to specify what the injustice was, and hence there could be no restriction upon the ombudsman investigating with all his statutory powers and looking at all the files of the local authority."

Just so. Likewise, the person who only knows that he has been discriminated against cannot specify how and why he has been discriminated against; he can only state that he feels he has been discriminated against, and he has access to all the relevant material which the employer may have and which may include confidential information on his rival for a particular job or for promotion.

Bureaucrats seem fair game to the judiciary while business managers are not to be treated like miscreants but trusted to carry out the spirit of the law against discrimination.

CRICKET BY TREVOR BAILEY

# The batsman's disease —and how to cure it

ALTHOUGH IT could be justifiably argued that Mike Brearley lacks the pedigree and technique to be outstanding at international level, he is a very accomplished batsman, as well as an astute captain. This claim is clearly substantiated by his record in more than ten years of first-class cricket, in which he has made some 20,000 runs and has an average in the high 30s. His figures show him to be a good, well-above-average county player, and are similar to those of Graham Roope and rather better than those of another England captain, the elegant Mike Denness.

With considerable character and determination to support his batting skill, Brearley should have had no problem in scoring runs against Pakistan, whose attack was less lethal than that of most counties, and although the New Zealand bowling is stronger, it should not worry him unduly. What then is the reason for his run of low scores for England and Middlesex this summer?

The answer is that he is suffering from that common complaint dreaded by batsmen, the bad patch. In his case it has been made worse because every failure is headline news, and there are also those who rejoice when this occurs, because they do not believe he should be captain of England. The longer it lasts the bigger the story. Unfortunately, there is no instant cure for this complaint, which all players must expect at some time in their career. Only the length and the severity is different.

It is no respecter of ability and many batsmen of far greater skill than Brearley have suffered. Denis Compton was a classic example on the 1950-51 tour to Australia, with a highest score in the Tests of 23, and an average of seven. Here was one of the immortals, who not so long before had, in one unforgettable

summer, made 3,516, including 18 centuries, not only unable to score runs, but looking so Australians felt sorry for him! Master player who caught this batsman's disease was Peter May in South Africa. He was in marvellous form at the height of his career, and at that time probably the finest batsman in the world, but he failed in the five Tests, although centuries and double centuries flowed from his bat in other matches.

What causes a bad patch? The main reason stems directly from a basic fact of batting, that one batsman's bad stroke, can end an innings. Unlike tennis or golf the single error may prove fatal. It is exactly this pressure which makes batting so fascinating and such a challenge. The relation of batting to the depression caused by a run of six low scores—that's cricket, and that's life!

Loss of confidence

Once a player experiences a run of low scores, he loses confidence. Instead of expecting to make runs he has doubts, which is when, to add to his problems, luck can so often play a vital part. The unfortunate will find himself half-chance sticking in a fielders' hand; the occasional bad decision going against him; hitting the field, not the gaps; and meeting the unplayable ball.

The way to cure a bad patch is a substantial innings which instantly restores the confidence. Nets can be useful to eradicate a fault which may have been contributing to the lack of success, but confidence will come only from runs in the middle. How does one set about making them in these circumstances?

My own approach was to go to the wicket determined to survive, and then to set a series of modest targets—getting off the mark, never scored sufficient runs to be considered a batsman.

Then Watson hit another dreadful hook from the 13th tee so wide that it missed the bunkers. His recovery only just kept him in the hunt for a place in the top 20.

Dr. G. Morgan had the most unusual experience of hitting a one iron shot straight into the cup at the 255 yards par three eighth hole and he is now tied with Tom Weiskopf in fourth place at four under par but not of course, in the hunt as far as victory is concerned.

It now seems likely that Mahaffey, who has battled back from serious hand and wrist injuries suffered when he was a leader at the great and legendary Saratoga Race Course, will be a contender for the two U.S. Open Championships he lost so narrowly to Lou Graham in Chicago in 1975 and to Pete in the following year.

GOLF BY BEN WRIGHT

# Drama as Watson sees lead whittled away

TEXAN John Mahaffey stole the show, Watson stepped to the tenth tee with a five strokes advantage over both he and Mahaffey.

And then the fun started. Watson caught a greenside bunker at the tenth, played a poor recovery and took three putts for a six. Mahaffey rolled in a birdie putt of fully 50 feet to make up three strokes on the leader.

So, with five holes to play, Watson, who has led by an ever-widening margin since the first day, was only tied in second place at eight under par with Jerry Pate, who is playing in the group immediately in front of him.

Watson started with a five strokes advantage over Pate, and seven in front of Mahaffey.

A glorious long iron shot by the leader to within a yard of the hole at the 480-yard 9th gave Watson a magnificent eagle five at the 12th, but he was plainly wobbling now—like a drunk trying to negotiate a narrow alleyway.

The train was all too evident on his face, as in front of him a huge roar went up when Pate, almost holed his tee shot at 185 yards 13th and easily sank the dangerous 482 yards par four in tenth hole after an inaccurate

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RACING BY DOMINIC WIGAN

# Strong catalogue at Saratoga

THE KEENELEND Select Yearling Sale in Kentucky produced a particularly strong catalogue last month and an average of about \$130,000 per lot. Judged by its catalogue, Saratoga could this week prove an equally strong market.

Two hundred and fifty-five yearlings are due to be sold in the first two sessions after racing from tomorrow until Friday. The catalogue includes a yearling half-brother to a Triple Crown winner, a half-brother and sister to Horses of the Year and half-brothers or sisters to several other champions or classic winners.

For many, the highlight of the sale will undoubtedly come at about 9.30 pm on Wednesday, when a half-brother to Secretariat is led into the ring. For others, Thursday evening, which sees a half-brother to Alleged and a half-sister to Caraculo coming onto the market, could well be the high-spot of the week.

The Bold Bidder colt out of Frigate's Punt, the dam of Alleged (now thought to be back

to somewhere near his best and ready for a tilt at the Arc) is reported to be a particularly striking individual. The keen competition—which will almost certainly include the Sangster syndicate, which went to \$175,000 for Alleged—could well see him providing the sale's top price.

No fewer than 13 stallions who raced exclusively in Europe are represented this week at the 58th annual sale at the Spa Resort in upstate New York. They include such potentially top-class sires as Lyphard, Roberto and Thatch and the already proven Vaguely Noble, Nijinsky and Sir Ivor.

Lyphard has enjoyed a particularly successful time with his offspring this year in Europe, and it will be interesting to see if this is reflected in the market, where yearlings by him are led in the ring.

Vaguely Noble, whom I could well see becoming one of the outstanding sires of all time, has three representatives in the sale. Two are predictably being sent to the way up and is now fully entitled to start a warm order for the Tote race which Cumani is looking forward to with more than a little optimism.

NEWCASTLE

2.30—Bird's Custard

3.00—Hopetown Courage

3.30—Vagly Great

4.00—April

4.30—Quick Train

5.00—Kandos

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## TV/Radio

BBC 1

† Indicates programmes in black and white

6.40 am Open University (Ultra High Frequency only). 9.50 Paddington. 9.55 Jackson. 10.10 Scooby Doo. 10.35 Belle and Sebastian. 1.30 pm Mr. Benn. 1.45 News. 2.00 The Commonwealth Games. 4.18 Regional News for England (except London). 4.30 Play School (as BBC2 11.00 am). 4.45 Roobarb. 5.40 Help! 5.10 Go With Noakes. 5.35 Captain Pugwash. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Come Back Mr. Noah. 6.30 The Commonwealth Games. 6.45 Headmaster. 9.00 News. 9.35 The Monday Film: "The Man Who Haunted Him."

10.55 The Other World of Jacques Costeau. 11.55 Weather/Regional News. 12.10 Regions as BBC1 except at the following times:—

Wales Today. 6.20. Welsh. 9.55. Wales Today. 6.20. Welsh. 9.55. Wales Today. 6.20. Welsh. 9.55.

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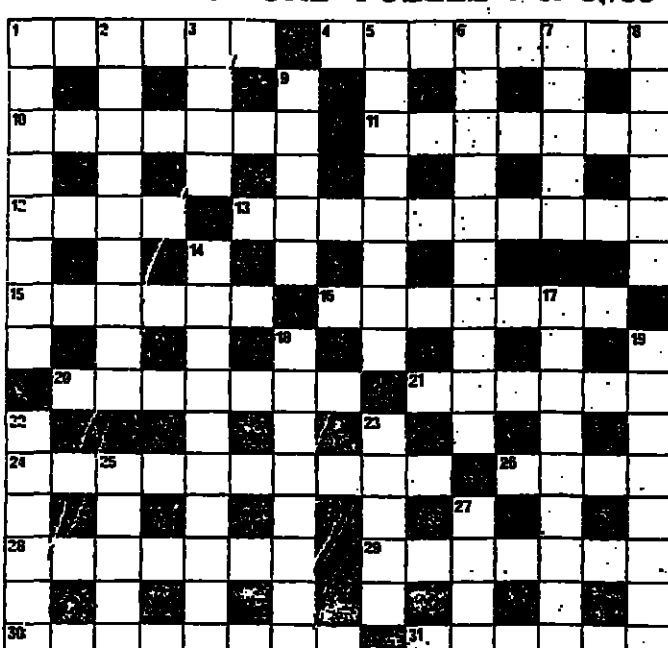
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## F.T. CROSSWORD PUZZLE No. 3738



- ACROSS**
- Worthless drawing back before retiring (6)
  - Soldiers' curse male attire (4, 4)
  - Fruit supplier offers alternative West country town (7)
  - Indication that Surrey member has cat (7)
  - A kilt in which to roast something (4)
  - Duck for two 'bad doctors' (5, 5)
  - Just over a pound of hen (6)
  - Old-fashioned confession ends in deadlock (7)
  - Child goes before a princess (7)
  - About to dust? Far from it (4)
  - Do business lecture with bird at Christmas (4, 6)
  - He prescribes for men only (4)
  - Swinging bar for top flight performances (7)
  - Fell for foreigner joining woodworker (4, 3)
  - Presides perhaps in order to scatter (6)
  - Happy looking person seconds middle distance runner (6)
- DOWN**
- Unqualified though briefly superior to hooligan (8)
  - Airman giving up coming to office (9)
  - Chap to notice steam pressure (6)
  - Acquisition without difficulty of part of happy-go-lucky attitude (4, 4)
  - Note bit of suburbia tremble (4, 6)
  - Super playing in Hollywood (6)
  - Turned up Queen Elizabeth model to fashion again (6)
  - Maud's unusual present answer to roll call (5)
  - Stop at sea to secure rope on rock yonder (5, 5)
  - Defect leaves one hard up before autumn (8)
  - First course to have gunmen setting off (6)
  - Ensure GI disturbed lord (8)
  - Southern gallery has Danish capital, it's said (6)
  - Stop-gap employee has nothing in-sped (5)
  - Pointers to northern town we hear (5)
  - Lot of tricks to beat (4)
- The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.







## FINANCIAL TIMES

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Monday August 7 1978

Middle East  
danger signs

PROSPECTS FOR progress last Sunday's tough statement towards a Middle East peace by President Sadat refusing settlement are looking more further contacts until Israel somber than at any time since promises to return all occupied President Sadat of Egypt's dramatic visit to Jerusalem last November. After months of frustration in which he aspired to be the magnanimous peace-maker, President Sadat has now felt obliged to lay down pre-conditions for further negotiations which the Israeli Government will inevitably reject. The Lebanon remains a powder-keg which the Israelis are watching with particular concern as the reconstituted Syrian-backed Lebanese Army tries to move southwards to police the sensitive area just north of Israel's border. And for anyone who might have forgotten the violence of the passions that the Palestinian issue arouses, the latest wave of Arab violence in London, Paris and Pakistan should have served as a sharp reminder.

## Reprisal

Nerves have been further strained on both sides by Thursday's bomb attack on a Tel Aviv street market and the immediate Israeli retaliatory air attack on a Palestinian camp in the Lebanon. The Israelis added further weight to the action by going out of their way to stress, at the highest political level, that it was a deliberate reprisal. By the end of the week, even the most dovish of Israelis seemed to be beginning to despair in their search for new moves towards peace. Only one-fifth of the population felt confident enough to tell a public opinion poll that they did not expect another Middle East war in the foreseeable future.

It is against this ominous background that Mr. Cyrus Vance, the U.S. Secretary of State, is again shuttling between Israel and Egypt in the hope of bringing the two countries to the negotiating table. Mr. Vance has already made it clear that he does not believe his trip will lead to dramatic progress, while at the same time acknowledging that negotiations have reached a critical point. Until just over a week ago, Mr. Vance had been relatively optimistic that he might be able to get the two sides together following the apparent agreement to keep talking at the U.S.-sponsored Leeds Castle meeting in July. Those hopes were torpedoed by

Back bench  
reform

"THE HOUSE OF Commons sits more often, and longer and later than any other Western democratic legislature." And, as the Select Committee on Procedure might have added, there are few, if any, compensating benefits either in the way of greater scrutiny, greater democracy or greater efficiency.

The essence of the Committee's Report, published last week, is that the balance of advantage between Parliament and Government in the day to day workings of the Constitution is now weighted in favour of the Government to an extent that raises serious questions about the working of Parliamentary democracy. Even where backbenchers have been given some power, such as through Select Committees, the system is unplanned and unstructured. The Committees may have been given responsibility to investigate and debate certain matters, but they lack the means adequately to do so and they cannot be sure that their conclusions will be properly considered by the House itself.

## Random

One need not accept all the Report's detailed recommendations to acknowledge that the back benches have a case. Too many Select Committee reports have disappeared without government comment, let alone without debate, for there to be any justification for the present system. Indeed some Committees have disappeared altogether merely because they were unable to establish a *modus vivendi* with the relevant government department: agriculture is a conspicuous example. And, of course, it is exceedingly difficult for any committee to do specialised work without being able to call in specialist outside advisers and without assured access to those Ministers and senior civil servants whose policies are supposed to be under scrutiny. In any other comparable country all that would go without saying. Yet in Britain the system that has developed is not so much *ad hoc* as purely random.

The reforms recommended by the Select Committee on

## No help

Nevertheless, the Report is broadly on the right lines: back benches have too little power and proper Parliamentary scrutiny of the executive is not being exercised. Two points, however, stand out. The House of Commons is not going to be reformed from the outside; it can only reform itself. And on present evidence back benches can expect very little help from either of the two front benches. It is a battle that will have to be fought in the next

Tory strategy for putting  
the economy to rights

By PETER RIDDELL, Economics Correspondent



Sir Geoffrey Howe, QC, the shadow chancellor, might prefer to pass over the Barber years. Mr. Anthony (now Lord) Barber was chancellor from 1970 to 1974.



The transition could be difficult in the public sector where central government has to be more specific in setting limits to be consistent with its monetary objectives. The Tories' emphasis is again in moving detailed wage bargaining away from Whitehall. It is pointed out that the cash limits do not solely affect pay rates, and it is up to unions and local employers to bargain about the number of jobs within a total payroll. The Conservatives also favour a more general use of cash limits in screwing down public spending as a whole and in producing tighter financial management.

The use of the cash limits effectively as a pay policy has been a controversial issue ever since their introduction two years ago, and it requires much greater flexibility over manning scales than the public sector unions have shown so far. Within the central government sector, there are perennial problems of comparability which probably require a greater co-ordination of the activities of the various review bodies.

The Conservative Party encompasses greater and lesser enthusiasts on pay policy, though, ironically, greater divisions within the party could occur on the, so far less discussed, issue of the Franco-German plans for EEC currency stabilisation. This review may be of the old familiar Commons and Market arguments as the Commons after the Bremen meeting of EEC heads of government showed. The official line is cautious; the Tory leaders suspect that the Government looks upon the scheme as being like the old fixed parity system where politicians and officials rather than the market determined exchange rates.

The Conservatives believe in freely floating exchange rates, although they have sympathy for the Franco-German plan insofar as it would require an adjustment of UK monetary and fiscal policy in line with the better performance on these matters elsewhere. The view is that in practice the UK would have to get its economy in order and reduce its inflation rate before participating fully in any scheme. So no commitments are being made by the Tories out of office, apart from expressing a willingness to talk. Yet some MPs, notably Mr. Edward Heath, are clearly enthusiastic about the plan and the timetable of EEC discussions will require a detailed assessment in time for the meeting of heads of government in early December.

Overall, whatever the contrasts in the two main parties' formal policies, there may be little difference in what happens to the economy. The real lesson of the last decade is that no Chancellor of the Exchequer can promise miracle cures, and be believed.

THE Conservative Party created by North Sea oil will aspire to introduce a "break for freedom" in economic policy. Yet if returned to power this autumn—and the odds are still short either way—the Tories would face tight limits on their freedom of manoeuvre as a result of the current state of the economy and the likely prospects, let alone any political constraints. This is recognised by the Shadow Treasury team, headed by Sir Geoffrey Howe, QC, and a lot of work has already been undertaken on translating the long-term commitments into proposals for implementation. The theme of the Conservative approach was clearly established in a major policy document last autumn (*The Right Approach to the Economy*) and in numerous speeches since then. The inspiration is drawn from a generation ago: the scrapping of regulations and the tax cuts of Lord Butler's period as Chancellor of the Exchequer in 1951-55. The Barber years of 1970-74 are now conveniently passed over, apart from his major changes in the tax structure.

The main change in approach since the Barber period is a rejection of the old-style of demand management in which public spending and taxes were used to fine-tune the economy. The Tories do not believe it is possible for the Government to engineer an acceleration in the economic growth rate. They point out, in illustration, that the public spending cuts of 1976 did not lead to a dramatic catastrophe but helped confidence by showing that expenditure and borrowing were under control.

Instead, the Tories propose a double-pronged approach—a stabilisation programme of monetary and public borrowing policy to create the right demand framework and what is called an "enterprise package" of deregulation and tax cuts to ease structural changes on the supply side. This in turn has resulted in a list of specific proposals—a reduction in the rate of monetary growth; a shift from direct to indirect taxation; and a lower overall tax burden; restraint on public expenditure and cuts in Labour's plans for the next few years; and reviews of planning and price control legislation.

Few of the specific suggestions are novel but implementing them would involve a major shift in the direction of economic policy. This runs into the immediate constraint that a Tory election victory in the autumn would come after, not before, a period when the economic situation has given the Government some scope for flexibility and allowed discretionary changes in fiscal policy. The growth of demand and activity are likely to be slowing down towards the end of this year and much of the external margin on the current account of the balance of payments

Options on  
cuts

The Tories have worked on a series of options on public spending, though they do not have a detailed shopping list of cuts. So it should be possible to compare their thoughts fairly quickly with the usual contingency planning inside the Treasury. One problem is that much of the obvious fat on the expenditure side went during the three packages of cuts in 1976. For example, the Regional Employment Premium has been phased out, capital spending has already been relatively reduced and financial transfers, such as export re-finance subsidies, have been pruned.

The Conservatives have particularly stressed their intention of re-examining the £3bn trade, industry and employment budget and the £4bn spent on housing. But any major changes there would take some time to show through because they might involve legislative action, and the record of the Housing Finance Act in the early 1970s hardly offers much

hope of quick results. It would also take time to reduce money spent on industrial aid schemes, employment subsidies and the National Enterprise Board.

It is, nonetheless, argued that a start can be made on cuts in these areas in the financial year starting next April, while a useful contribution could come, for example, from cuts in transport subsidies. Financial transfers might also be reduced again. Although it is recognised that these purely financial transfers may not be the main problem, the Tories see as the main problem the elements of the "enterprise package"—reducing the higher rates of income tax, cutting or possibly phasing out the investment income surcharge, and reducing the burden of capital gains and capital transfer taxes.

The Conservatives would also like to increase tax thresholds at the bottom end of the scale and, if possible, cut the standard rate of income tax. The intention would be that a large part of these cuts would be financed out of an increase in indirect taxes, notably Value Added Tax (which, anyway, would be at a single-rate) and excise duties.

The present Government has also talked about shifting the tax burden in this direction, but the effect that a rise in indirect taxes would have on the retail price index. The Conservatives claim they are willing to face this problem by trying to persuade people of the advantages of having a choice over how they spend their money.

While monetary and fiscal policy are stressed the most by the Tories leadership, the main

test for an incoming government is likely to come on pay; the annual round of wage settlements would be getting into full swing just at the time of an autumn election.

Conservatives are opposed to the Government's 5 per cent limit for the next 12 months because of its inflexibility and Market arguments as the Commons after the Bremen meeting of EEC heads of government showed.

The Tory approach is essentially that an understanding about a range of wage increases should emerge from discussions between all sides, possibly at a forum such as the National Economic Development Council. The emphasis is very much on public education and making unions aware of the implications both for pay and employment of stated monetary and inflation targets.

Pay policy  
mentality

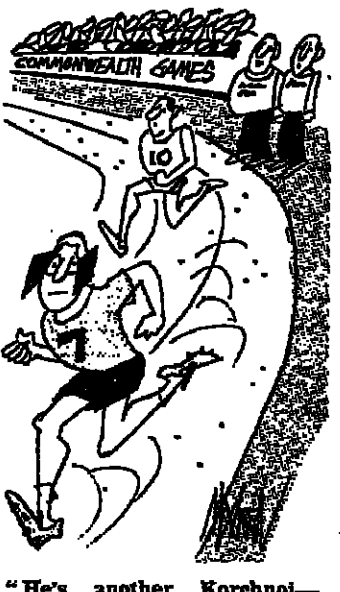
In a recent Commons speech, Sir Geoffrey Howe stressed the extent of the common ground between the two main parties on the objective of moving towards "responsible" or "normal" collective bargaining. Yet as the Government's experience has shown in the last 12 months, a single figure is almost bound to turn into a minimum norm for everyone with no escape from wage distortions and compression of differentials. Doubts about whether it will ever be possible to evolve a common understanding on a range of increases, rather than a norm, cannot easily be dismissed, especially as the incomes policy mentality has become so ingrained, not least among senior Whitehall officials.

## MEN AND MATTERS

Polish questions  
for churchmen

Reading, in Berkshire, has a 1,200-strong Polish community, whose nucleus is made up of veterans who fought with General Anders in the Eighth Army. Just now they have a fresh fight on their hands—with the Church Commissioners. The Poles were last week told that their offers to buy a redundant Anglican church, St. John's, the Evangelist, have been turned down; after a final service next Sunday, demolition men will move into the church, whose 150 ft spire is a Reading landmark.

The Poles argue that the Church Commissioners will lose money by razing the church, because the demolition cost will be greater than the site value. In contrast, they are willing to pay £15,000 for St. John's, to use it for their traditional Catholic services in Polish. But the local Anglican vicar, John McKechnie, wants it destroyed



"He's another Kurechnoi—thinks the opposition is trying to hypnotise him."

So that his parishioners will not look at it nostalgically when they start attending a newly-built church half a mile away. "We must have a clean break," he says.

Sympathy in Reading is heavily on the side of the Poles, as I found there yesterday. The deputy leader of the Tories on Reading council, Simon Combes, calls the Church Commissioners' action "ecclesiastical vandalism." John Missenden, spokesman for the local civic society, told me: "We just cannot see any grounds for demolition." Behind the church is a pub called The Beehive: it was humming yesterday lunch-time with news of a last-minute residents' protest petition to the Department of the Environment.

The Polish community's negotiator with the Church Commissioners, a baker called Janusz Finch (he says his actual name, Szczygowski, was hard for his customers). "We were told that our offer was rejected due to 'far-reaching pastoral implications'," he says. "It was a blow—after 35 years we thought we could have had our own church at last. As an ethnic minority we don't want to cause any trouble—England is our home now. But we shall fight until the bricks start falling off the spire."

## Beer bungle

Even the Commonwealth Games across the Rockies in Edmonton cannot make British Columbians forget their basic trouble—beer, or rather, the lack of it. Ever since mid-May the local brewery workers have been on strike and there is scant prospect that they will go back until after Canadian Labour Day, September 4. In this summer weather, breweries over the border in Seattle have not been able to pour out enough extra booze to slake British Columbian thirsts. Supplies from the U.S. have been rationed.

## Shooting chefs

Die-hards on the grouse moors will have to brace up to some odd happenings on Saturday, the Glorious Twelfth. Four chefs will be out with the experts, trying their luck with the guns. They will not, it seems, go to the extent of wearing their white hats while taking aim; but given the fact that they come from four nationalities—Irish, English, French and Scottish—and none knows anything of shooting it sounds rather a recipe for disaster. The organisers of the shoot have everyone well covered with first and third party insurance.

The chefs will go out in the misty morning near Killin, in Perthshire. It will be a long journey, for such a speculative venture, for the two from London—Chef Conboy of the Athenaeum Club and Chef Turner from the Capital Hotel in Knightsbridge. But it will be a fairly painless exercise (accidents apart) for Chef Cottet of the Gleneagles Hotel and Chef Cameron of the Malmesbury in Glasgow. The Gleneagles will be the base for operations and will have what is politely termed "a back-up number of grouse" for the visitors to take back to their

hotels if the birds fly too fast for men more accustomed to labouring over a hot stove.

The organiser of this eccentric city is Matthew Gloag, director of a Perth firm of whisky blenders. He says that people who cook food do not have enough idea of how it gets to the kitchens. But the catering business is not so completely remote from the firing line as Gloag imagines. Italian restaurateur Gino Sestoni regularly shoots for his establishment in Kensington and sometimes starts passing housewives by dragging a deer across the pavement from his car.

## Rough justice

Defying the police by going on a two-day hunger strike is the vogue in industrial disputes in Pakistan these days, but two men who tried it outside a sugar mill this week got more than they bargained for. As a warning to others, police suspended them upside down by their ankles near the factory gates before taking them into custody. In martial-law Pakistan, this would not have become known but for a paper which supports the condemned former Prime Minister, Zulfikar Ali Bhutto. It printed a rather blurred picture to commemorate the event, and an information official in Lahore confirmed it.

He said eight hunger strikers had been arrested so far, but justified the action by adding that the crowd had been spitting at the police. Another series of hunger strikes, by workers in Karachi, had been going on for two weeks at the time of Press Club. No reporter has been suspended by his type-Glasgow. The Gleneagles will be the base for operations and will have what is politely termed "a back-up number of grouse" for the visitors to take back to their

6½ per cent Convertible Debentures  
due 1989PIONEER ELECTRONIC CORPORATION  
Tokyo, Japan

The undersigned herewith announces that notice has been received from Pioneer Electronic Corporation, by letter dated 24th July, 1978, that it will redeem by prepayment on 20th September, 1978 all of the 6½ per cent Convertible Debentures due 1989 outstanding on that date.

Pursuant to the provisions of article 3 of the Trust Deed dated 20th March, 1974 the Debentures will be redeemed at 104 per cent of the principal amount together with the accrued interest from 1st October, 1977 to and inclusive 19th September, 1978 and will cease to bear interest from 20th September, 1978.

Payment of interest and premium and repayment of the principal amount of the Debentures will be made in accordance with the provisions of article 2 of the Trust Deed at:

Pierson, Haldridge & Pierson N.V. in Amsterdam as Paying Agent, and The Bank of Tokyo Ltd. in Brussels, Paris, London and Düsseldorf, and The Bank of Tokyo Trust Company in New York City as Sub-Paying Agents

against surrender of the Debentures with all un-matured coupons attached.

Pursuant to the provisions of article 4 of the Trust Deed Debentures called for redemption may be converted into shares of Common Stock of Pioneer Electronic Corporation up to and including, but not after the close of business on, the date set for redemption. Surrender of Debentures for the purpose of conversion shall be made at the Paying Agent or any of the Sub-Paying Agents.

No Debentures will be accepted for conversion if presented for that purpose after the close of business on 20th September, 1978.

The current conversion price is yen 780. The closing price of the shares of Common Stock of Pioneer Electronic Corporation on the Tokyo Stock Exchange on 24th July, 1978 was yen 1758 and the high and low closing prices in 1978 through 24th July were yen 1940 and yen 1210 respectively.

Amsterdam, 7th August, 1978  
N.Z. Voorburgwal 326-328

The Trustees  
Amsterdam Trustee's Kantoor B.V.

Observer



July 1978

# More trouble looms for Chrysler UK

BY RAY PERMAN in Linwood and ARTHUR SMITH in Coventry

LINWOOD, Chrysler UK's troublesome Scottish car plant, returns to work today with one small problem solved and a much larger one looming. The 550 paint-shop workers have called off the strike which halted production and have reluctantly accepted a compromise on the breaks they are allowed to take in hot conditions. But the dispute has ended in an atmosphere of bitterness and mistrust that promises very badly for the future.

The Linwood factories, a few miles to the west of Glasgow, employ 9,500 people, including 8,800 manual workers. They are vital to the survival of many of the small towns along the Clyde and during the past few years have been practically the only place where semi-skilled and unskilled jobs have been readily available in west-central Scotland. Their importance was recognised in the 1975 rescue of the company when the then Secretary of State for Scotland, Mr. Willie Ross, hammered the Cabinet table and threatened to resign if Linwood was not saved. There was a widespread feeling that the survival of the Labour Party in Scotland also depended on the rescue.

But the political and economic situation has changed and it is now clear to management, unions and the Government that no second rescue of Linwood is practicable nor does it seem any longer a political imperative. The plant must provide its own salvation. The finance made available three years ago was intended to last until the end of 1979, and by that time Linwood must not only have proved that it can pay its own way, but also have generated sufficient funds to introduce a new model to replace the eight-year-old Avenger. The plant's performance so far does not encourage optimism.

Chrysler blamed its Scottish plant for most of the £21.5m loss in 1977, but at the beginning of this year things seemed brighter. Following the launch of the Sunbeam small car, which is the second string to Linwood's bow, productivity was said to be rising. In a fit of euphoria, Mr. Stan Deason, the Linwood managing director, wrote in the company newspaper in April: "I feel like a football manager whose team has been promoted to the premier division."

Relegation, however, was just around the corner. Productivity which had risen from 45 per cent of targets during last year to 80 per cent in March—fell to 85 per cent in April, 85 per cent in May and during the first two weeks of June was down to 68 per cent. Before the 12-day paint-shop dispute and the three-week annual holiday, production was averaging only 75 per cent of targets. Only on one day has Linwood ever managed more than 90 per cent.

Theoretically, the production line can produce 3,108 cars a week, but this figure is discounted to allow for technical problems and unavoidable stoppages, to give a figure of 2,880, which is the 100 per cent target. The management has told unions in the plant that it must make (and presumably sell) 2,400 cars a week merely to break even. Anything over that is money in the bank to pay for the Avenger replacement. Lately, Linwood has been producing little over 2,100.

Production of 2,400 cars a week adds up to an output and sales target of more than 60,000 in six months. But sales of Sunbeams in the first half of the year were only 15,657 and of Avengers only slightly more: 17,974. The European launch of the Sunbeam is not yet complete and it is likely that Linwood will concentrate on Sunbeam production in the next few months as the campaign behind the new model builds up. But there is a lot of lost ground to be regained.

In an agreement last October, the local management and unions identified 11 areas of industrial relations that needed to be tackled urgently if productivity were to be raised. They included lateness and absenteeism, which were largely the cause of the slump in production at the beginning of the summer, and the hot and cold weather agreements. It was the management attempt to renegotiate these last procedures that led to the paint shop stoppage.

The paint shop issue itself was essentially a small one but—seen as a precursor of a number of other management attempts to remove obstacles to improved performance in the plant—it takes on a new significance. The way in which it was handled by both sides has set a bad precedent for future negotiations. The union refused to accept any change to the agreement on heat breaks even after the management had exhausted all the accepted negotiating procedures, and the management seemed to have deliberately prolonged the dispute by holding back the compromise that eventually brought it to an end.

If the object was to teach the unions a lesson, it has failed. It appears instead merely to have weakened the confidence of managers and shop stewards in the company's determination to keep the plant open. It also seems that the threat of closure has lost its effect on the work force, which has become immune to the dire warnings about the future. Turnover of labour in the plant is high. Many other workers see their time doing the boring and repetitive tasks on the assembly line as any way limited—a period to earn good money

while looking for more interesting jobs elsewhere. Plant loyalty is hardly likely to be strong among this type of employee.

"Another stoppage of this nature, even over a short period of time would obviously be disastrous for this factory," Mr. Jimmy Livingstone, the TGWU convenor, said after the paint shop vote. "We can't go on producing at only 80 per cent of the target figures, we recognise that. But this dispute could have been settled by negotiation. If the management go about any future negotiations in the ham-fisted way they did in the paint shop issue, then we are in for trouble. Industrial relations in this plant have got to be sorted out."

Industrial relations at Coventry, the very heart of the Chrysler UK operation, also appear to have turned sour. "Had the company wanted to recreate the sort of crisis atmosphere among the work force that preceded its financial collapse in 1975 they could not have made a better job of it," says Mr. Bill Lapworth, a senior Midlands official of the TGWU based at Coventry.

Morale is low and rumours abound about the company's plans for the UK. Mr. Lapworth places responsibility firmly upon management and maintains that the fund of good will that the state-supported company could command has been "frittered away, particularly in recent weeks."

Indeed, the change of mood at the Stoke engine factory and the Byton assembly plant is noticeable. The strike by toolmakers at these two plants which crippled production before the summer break has reawakened memories of the sectional pay disputes that contributed to the company's earlier problems.

The walk-out by toolmakers, who were demanding improved differentials, has revived all the old arguments about relative pay. Any action to remedy the grievance of this group of 250 skilled men could provoke a series of counter-claims that might prove uncontrollable. The toolmakers are back at work but have set the end of this month as the deadline for negotiations of a self-financing productivity deal. "We are undoubtedly walking a tightrope," says Mr. Phil Povey, regional officer of the Amalgamated Union of Engineering Workers. "We are confronted by sectional problems to which we have no long-term solution."

Management argues that within the constraints of the Government's imposed incomes policy it is powerless to respond to the pressures. As one of the conditions of the state rescue negotiated in 1975, the company must stick firmly to the letter of pay policy. Such restrictions, according to the Chrysler men, mean that in the earnings league for toolmakers in the Coventry district they have slipped from third to 26th in recent years.

The formula which settled the toolmakers' strike was a return to work pending discussions on a self-financing productivity deal—a solution which could raise more problems than it solves. According to Chrysler stewards, the formula itself has already prompted up to 34 counter pay claims from various groups of workers. Most stewards are awaiting the outcome of the toolmakers' negotiations before they negotiate details of their demands.

The situation is complicated by the fact that Chrysler introduced a self-financing incentive scheme earlier this year on a company-wide basis, refusing to negotiate separate deals with particular plants. The 1,500-strong work force at Ryton, which rejected the deal, has

already informed the company rights as the way to enhanced differentials. The men were persuaded to return with the promise of a union committee of inquiry into their grievance, but there is no way that their demand can be met without threatening to shatter the present joint shop stewards negotiating committee into a number of competing factions.

The company, in a move to head off similar sectional claims in 1974, called a meeting of all the senior Stoke stewards who agreed upon a simple parity with the toolmakers, a basic weekly wage between skilled and unskilled workers. That agreement still stands, but would obviously be overturned should any concessions be made to the toolmakers.

Flexibility

During the negotiations the company told the unions and the Government that there were a number of other problems it wanted to tackle after the paint shop issue was settled. It has yet to say what they are, but it would be surprising if most of the items on the October list were not among them. These also included labour flexibility between grades, shifts, departments; the ending of restrictive practices; an end to unofficial stoppages; an end to alleged safety problems including delays in resuming production after accidents and refusal to accept the professional opinion of the maintenance and safety department; no more "blacking"; no more overtime restrictions; changes in working schedules; and the agreement of rules to identify issues that fell outside established dispute procedures.

The legacy of the paint shop dispute makes an easy achievement of these objectives look very doubtful. The Transport and General Workers Union, which represents most of the assembly line workers, and is therefore likely to be most affected, has already expressed its disquiet and has called an inter-union shop stewards meeting for this morning to try to agree a common front, in response to any new attempt by management to renegotiate existing working arrangements. There is already acceptance among some stewards that changes are necessary, but that they may not be enough to ensure they are achieved.

The paint shop issue itself was essentially a small one but—seen as a precursor of a number of other management attempts to remove obstacles to improved performance in the plant—it takes on a new significance. The way in which it was handled by both sides has set a bad precedent for future negotiations. The union refused to accept any change to the agreement on heat breaks even after the management had exhausted all the accepted negotiating procedures, and the management seemed to have deliberately prolonged the dispute by holding back the compromise that eventually brought it to an end.

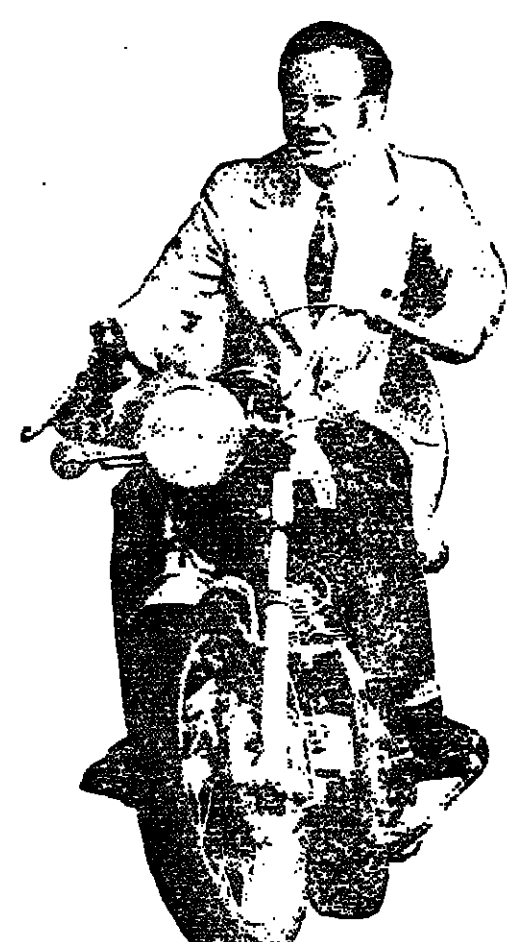
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Mr. Bill Lapworth, TGWU official in Coventry: "The fund of good will Chrysler could command has been frittered away."

## Letters to the Editor

### Post Office profits

From the Board Member for Finance and Corporate Planning, Post Office.

Sir—There have been a number of articles and letters in the Press, including the Financial Times, over the last two weeks or so about inflation accounting in the public sector. Not least was the Lex column of July 31 entitled "The state industry accounts muddle," which criticised the nationalised industries and their external auditors alike.

Three points received particular attention in your report: current cost depreciation; the so-called "gearing adjustment" suggested in the Hyde guidelines; and the implication that some nationalised industries have been over-pricing their services through the selective application of inflation accounting principles. I should like to comment on each of these points as they affect the Post Office.

So far as current cost depreciation is concerned, the Post Office has been charging supplementary depreciation based on the estimated replacement cost of its assets for over 30 years. There is nothing arbitrary or inconsistent in the way in which the depreciation charges are calculated, and one year's accounts can fairly be compared with the next. So far as comparison with other industries is concerned, the Post Office can justifiably argue that, since it blazed the trail of inflation accounting decades before most other industries in this country, it is not unreasonable for it to stick to its accounting principles until the rest of the industrial world has either caught up or at least decided what it wants to do instead.

The Post Office's accounts included a "gearing adjustment" in its recently published accounts, not to disguise its profits, but simply because it believes that such an adjustment is misleading and irrelevant for a nationalised industry. As your correspondent Anthony Hilton quite rightly wrote on July 28, the prime purpose of the gearing adjustment is to indicate how, with inflation, equity shareholders benefit at the expense of debenture holders. But, when the "equity" shareholder and the principal banker are one and the same (the state), the gearing adjustment is more likely to mislead than to inform. This is the case for the Post Office.

One major reason is the way in which the financial target for telecommunications, the largest Post Office business, is set. The target is to make a return of 6 per cent a year on mean net assets revalued to replacement cost. The return, which is on a par with expected performance in the private sector, is calculated after charging supplementary depreciation, but before charging interest. It therefore concentrates the attention of management upon stewardship of the assets, independently of the way in which those assets are financed. A "gearing adjustment" which confuses the return on assets—the profit and loss account aspect—with the method of financing them—the balance sheet aspect—would, in the Post Office view, serve only to confuse the readers of its accounts.

It follows that, because the financial target is expressed in this eminently sensible way, the "gearing adjustment" or lack of it has no effect on the prices charged to our customers. Its relevance is of presentation only in certain circumstances and is not meaningful in relation to the Post Office.

F. H. Waterhouse, Post Office, 23, Holmdale Street, W1.

### Public sector accounting

From the Member for Finance, British Gas Corporation.

Sir—It is clear we shall not convince Mr. Fenn (August 4) of the soundness of our accounting. However, it perhaps only emphasises the strength of our belief in the policies we have adopted that we can resist his really determined efforts to credit us with such a staggering profit performance.

One thing we can get straight. The 10.9p per therm is in new pence, and the rise of 50 per cent in the price per therm over the ten-year period compared with the 43p per therm increase in the Retail Price Index is correct.

As regards the point made by Mr. Cripps (also August 4) there is no doubt that realistic accounting presents problems, but without it the actions necessary to combat inflation and to maintain and improve real profitability will be in jeopardy. W. G. Jewers, British Gas Corporation, 326, High Holborn, W1.

### Chemicals in Italy

From Mr. C. Reinard.

Sir—The Italian chemical industry crisis has come later than many had expected, but it has arrived at last as your correspondent in Rome, Paul Betts rightly points out in his article of August 2.

For two decades, many in the chemical industry have wondered how long it would be before large-scale financing of the Italian chemical industry from public funds would have to stop for the sheer enormity of it.

Meanwhile the rest of the European (i.e. including UK) chemical industry has suffered badly under the unfair competition against what amounted to a state-funded Italian industry. How much this has contributed to the current precarious state of the European chemical industry, is difficult to assess, but one lesson is clear: if the state starts to interfere with industry, the consequences—albeit not felt for some time—are intensely unfavourable in the end.

Happiness depends on freedom. Freedom depends on courage to defend that freedom. C. Reinard, Industrial Planning, 118, Newport Street, EC1.

### Building jobs register

From the Chief Executive, Federation of Master Builders.

Sir—With reference to the article (August 2) by Michael Cassell, headlined "Voluntary building jobs register agreed by Whitehall" in which Mr. Fresson is reported as having said that general agreement has been reached by employers' associations on a voluntary system of three employers' registers to help stabilise employment in the construction industry, I would point out that the Federation of Master Builders is opposed to a three register system controlled by joint industrial councils.

### Ownership of shares

From Mr. M. Gibbs.

Sir—In the debate on the Dividend Bill on July 27 Mr. Joel Barnett said that "half of all dividend payments go directly to individual shareholders." He quoted the report of the Diamond Commission as the source of this statistic.

The Commission's second report (page 18) shows a figure of 80 per cent for the holdings of individual shareholders in listed companies. It should be noted, first, that this figure related to 1973, and, secondly, that it represented the direct and indirect holdings of individual shareholders, including shares held via companies and investment trusts.

Page 17 of the report gives the direct holdings of the principal types of shareholder. Individuals are shown as holding 42.0 per cent of UK listed equities at December 31, 1973. More recent surveys show that the proportion has fallen substantially since

### Printed circuit boards

From M. K. Sweeney.

Sir—It is a popular misconception that when consultants write a report they merely represent their own views; this is in fact wholly untrue. In our report on the printed circuit board industry in the UK (July 24, 31, and August 3) we report the attitudes and perceptions of the Printed Circuit Board (PCB) industry's own customers. We interviewed some 1,200 PCB users and of those who purchased PCBs as a separate component (some 750 companies), about 40 per cent were not satisfied with the quality of UK PCBs, 12 per cent were not satisfied with delivery (in a period when there is much over-capacity in the industry), about 30 per cent were not satisfied with price; 48 per cent stated that they intended to purchase PCBs abroad. Further, PCB users attributed the loss of market share by the UK PCB manufacturers to deficient quality, price and delivery.

PCB producers do not realise that they now compete in a European, if not world, market. Indeed, if one turns to the inside front cover of the industry's own paper, Circuit World (current issue), one will notice that two major UK electronics companies (Lucas and Racal) are endorsing Swedish PCBs. In a European context the structure of the UK PCB industry is simply not viable; the major PCB companies are lucky to make a few per cent pre-tax profit on turn-over; their capital investment (if any) is not supported from their own revenue, but usually from the magnanimity of the groups which own them; very few of the hundreds of UK PCB producers have BS9000 quality approval, still fewer have DIN (West Germany) or UL (U.S.) or a French Procecs Verbal—how then can they hope to compete in Europe or North America?

The major PCB companies in the UK are owned, or will soon be snapped up, by large electronics groups wishing to protect their source of supply. Consider that a possible scenario a few years hence. Given that the Government's initiative on semiconductor is successful and soon Immos (and others) will be producing many worthy micro-electronic devices, this will help to generate an abundance of new ideas and new products from the vast pool of electronics entrepreneurs which we undoubtedly have in the country.

When, however, the time comes for these small embryonic, risk-prone companies to translate those plans and ideas into hardware, when the time comes to mount those immodest micro-processors on to PCBs, to have those PCBs designed, prototyped and manufactured to European levels and quality standards; some 1,200 PCB users and of those who purchased PCBs as a separate component (some 750 companies), about 40 per cent were not satisfied with the quality of UK PCBs, 12 per cent were not satisfied with delivery (in a period when there is much over-capacity in the industry), about 30 per cent were not satisfied with price; 48 per cent stated that they intended to purchase PCBs abroad. Further, PCB users attributed the loss of market share by the UK PCB manufacturers to deficient quality, price and delivery.

then. A Department of Industry survey gave a figure of 37.5 per cent as at December 31, 1973. Estimates published in the July 1978 issue of my own firm's Market Review indicated that it had fallen to 32 per cent by the end of 1977. The change in the pattern of share ownership revealed by these surveys is summarised in the table below.

	1973	1977	1978
Source	Diamond	DoI	DoI
Insurance companies and pension funds	25.4	22.7	33.0
Investment trusts	9.9	10.2	16.0
and unit trusts	75.5	42.9	49.0
Total institutions	42.0	32.9	49.0
Others	19.7	19.8	30.0
Total	100.0	100.0	100.0

\* Charities, companies, government and overseas.

Since 1963, the proportion of listed companies' shares held directly by persons has fallen at an average of 2 per cent a year and institutional holdings have risen at a similar rate. It appears that this trend has, if anything, accelerated in recent years.

It is vitally important that any future discussion about dividend controls should be based on the latest information and it is a pity that, on this occasion, the figures given to Mr. Barnett do not appear to have been the best available.

Martin Gibbs, Phillips and Drew, Lee House, London Wall, EC2.

## GENERAL

Wholesale price index (July, provisional).

The Queen returns from Canada and joins the Royal yacht Britannia at Greenock to cruise in the Western Isles.

Mr. Edmund Dell, Trade Secretary, in China for talks on expanding trade and industrial links.

Talks resume on industrial civil servants' pay claim.

Jamaica Independence Day.

Small Business Bureau launches taxpayers' rights charter.

Nationalist Elstedford of Wales opens, Cardiff (until August 12).

OFFICIAL STATISTICS

Housing starts and completions

Exhibitions

Royal Academy summer

## Today's Events

(June). House renovations completed and slum clearance (2nd quarter). Retail sales (June, final).

Hire purchase and other instalment credit business (June).

COMPANY RESULTS

Chiford and Snell (full year). Commercial Union Assurance (half-year). Hambro Trust (full year). Owen and Robinson (full year). Wagon Industrial Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 14.

EXHIBITIONS

Royal Academy summer

Exhibition, Burlington House, Piccadilly, W1 (until August 13).

Historical development of heraldry in Britain from its 12th century origins, British Museum, WCI (until August 27).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 2).

Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, SW7 (until September 10).

Exhibition of 17th century Dutch paintings, National Gallery, Trafalgar Square, WC2 (until September 17).

Josiah Wedgwood exhibition, Science Museum, South Kensington, SW7 (until September 24).

OPERA

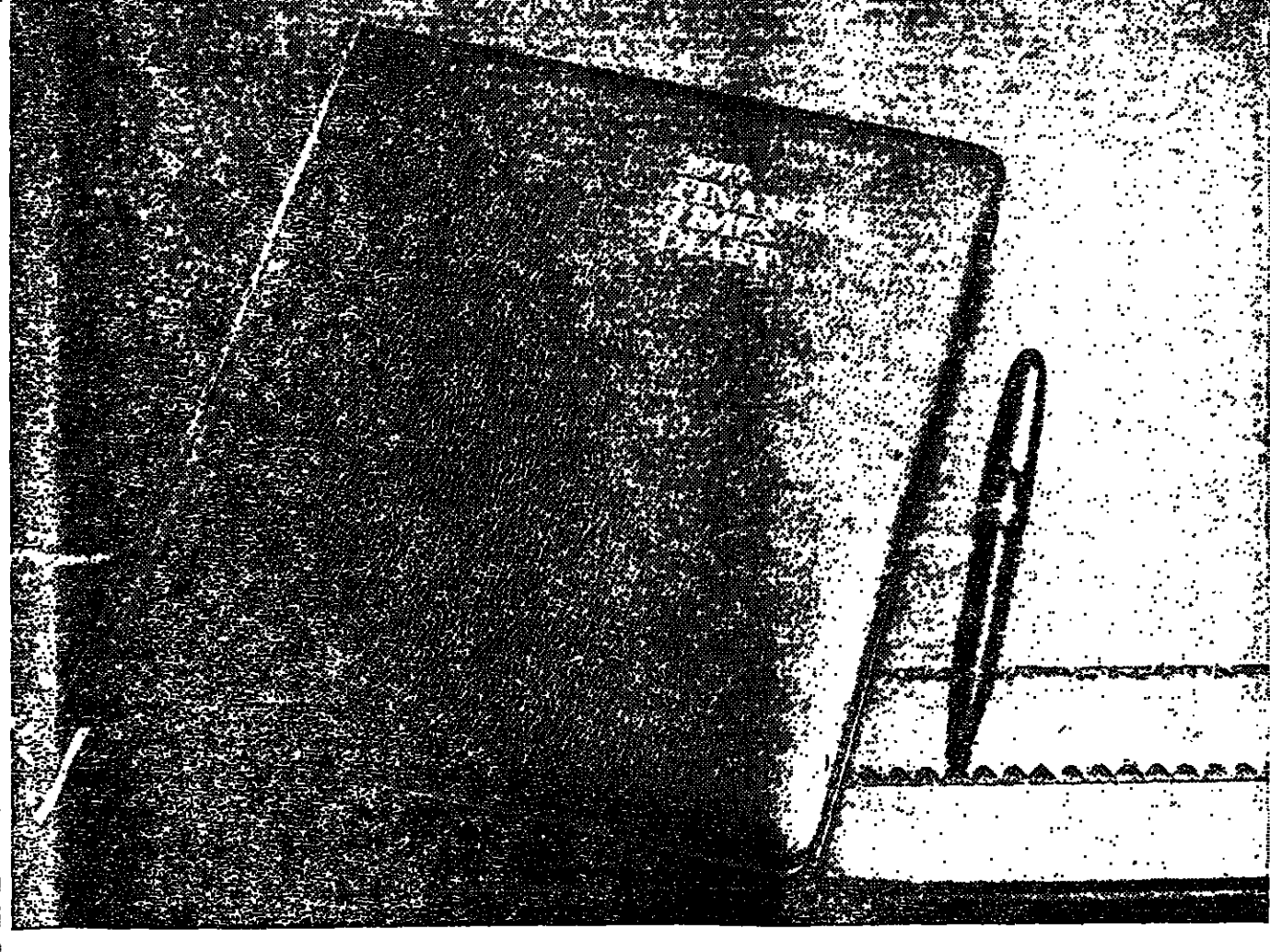
Glyndebourne Festival Opera perform Così fan tutte, Lewes, East Sussex, 5.30 pm.

BALLET

Gala Season, with stars of world ballet, opens at Royal Festival Hall, SE1, 7.30 pm.

SPORT

Cricket: Lancashire v New Zealand, Old Trafford; Under-19 Test, England v West Indies, Worcester.



# Next year's current asset.

Without disrespect to the 1978 Financial Times diary, the 1979 Financial Times diary is rather superior. The inside pages have been completely redesigned by James Shurmer, who has produced work for the National Gallery.

The comprehensive business information section is now even more comprehensive.

As is the French and German business vocabulary. We've incorporated a detachable address booklet, to save people having to copy out hundreds of addresses and telephone numbers at the end of each year.

There's also an entire section devoted to world travel, complemented by a 48-page colour atlas.

In addition to the desk diary, there's a slim pocket diary and wallet, and an address book.

Which all means that without the FT Diary, 1979 could turn out to be quite a liability.

The person to contact is Geoffrey Phillips, The Diary

Manager, Business Publishing Division, Financial Times Limited, Minster House, Arthur Street, London EC4R 9AX. Telephone: 01-625 1211.

To: Geoffrey Phillips, The Diary Manager, Business Publishing Division, Financial Times Limited, Minster House, Arthur St., London EC4R 9AX. Tel: 01-625 1211. Please send me your brochure and order form.

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

TELEPHONE \_\_\_\_\_ DATE \_\_\_\_\_

**FINANCIAL TIMES DIARY**



## Stock Conversion forecasts increase to around £7m

Meeting. Cafe Royal W. Philip Hill Investment Trust has drawn a further \$1m of the \$5m "through" deals. The investigation was begun more than a year ago.

## Yarrow settles with GLC

## PHILIP HILL DRAWS \$1M

## Scottish Utd. ahead at halfway

	First half 1977	1977
Gross revenue	1,057.117	1,670.874
Franchise fee	1,027.431	826.066
Interest	1,046.214	1,086.951
Underwriting comm.	4.721	10.743
Other	1,046.214	1,086.951
Debiture loan int.	386.835	377.470
Depn. on fixed DTA	104.422	104.422
Depn. on intangible	104.422	104.422
Net on franked income	341.161	366.243
Net income	341.161	366.243

The Board has under review further measures to reduce expense to the investment currency and to increase the return on the policy of overseas investment.

The percentage geographical distribution of investments has changed as follows: USA 35.56% in 1978 (31.77% in Decem. 31. 1977), Continental Europe 3.20 (2.86), Africa 2.12 (2.76), Australia 1.90 (2.00), Japan 12.50 (10.03), Asia (excluding Japan) 6.37 (5.37).

## SE probing Consd. Gold option dealings

The Stock Exchange is investigating certain dealings in the traded options of Consolidated Gold Fields. The dealings in question took place several months ago, soon after the creation of the London traded option market. A committee of inquiry to investigate dealings in Regional Properties which took place in February, this year, is normally only set up by the Council when the staff have sufficient evidence to warrant a preliminary work to warrant one.

Meanwhile a licensed share dealing company called Roynton undertakes to be among the first to report on "hot" report on "hot" deals. The investigation has begun more than a year ago.



## Initial Services expands trading activities

This physical growth, by acquisition or extension (in part), by building from a cold start, accompanied by the inclusion of new working capital, has been financed almost entirely by borrowing, says the chairman. Only three modest acquisitions have been made for shares—and of value £140.44 nominal—and the group changed from a net creditor position to one of short and long term borrowing, here

# Polly Peck capital reduction proposals

In his annual statement, Mr. Zelker says that the improvement from a \$25,000 first half loss to a \$27,000 profit for the March 19, 1978 year was satisfactory bearing in mind the adverse conditions. Directors have taken action to reduce where possible the level of overheads so the company will be able to take advantage of any improvement in conditions, he says.

Meeting, Berners Street, W. September 7 at 11.30 am.

## Pending dividends timetable

	Date	Amount— last issue		Date	Amount— last issue
"Abruzzo" Aug. 10	Int. 5.61		"Los Rios" Aug. 17	Int. 3.38	
Albarran and Wilson Aug. 19	Int. 2		Los Merchant Sept. 2	Int. 2.38	
"Assoc. Daily News" Aug. 23	Final 4.325		London Univ. Aug. 25	Final 2.8	
"Auli and Wibrosa" Aug. 19	Int. 0.65		Lourde Aug. 24	Int. 2.29	
"Automotive" Sept. 2	Int. 1		Matthias Sept. 3	Int. 2.75	
Babecek Wilcox Sept. 13	Int. 2.338		"Metal Chemicals" Sept. 4	Int. 2.77	
Bertrell Sept. 14	Int. 3.5505		"Newington" Sept. 2	Int. 1.74	
Bibby Sept. 14	Int. 2.5		Ocean Transport Aug. 15	Int. 9.77	
BICC Sept. 6	Int. 2.25		Phonographic Sept. 1	Int. 2.5	
Blackwood Sept. 4	Int. 4.9577	Int. 1	Phon. Assoc. Sept. 1	Int. 2.5	
Blue Circle Aug. 23	Int. 1.59		Phon. Assoc. Sept. 1	Int. 2.5	
Bowater Sept. 8	Int. 1.628		Pine Ridge Aug. 9	Final 1.825	
Brown Sept. 1	Int. 1.628		Pye Trav. Aug. 18	Int. 1.25	
"British Petroleum" Sept. 12	Int. 6.84		Railway Aug. 9	Final 1.85	
"British Petroleum" Sept. 12	Int. 2.5		Railway Aug. 9	Final 1.85	
BTR Sept. 12	Int. 1.2853		Railway Aug. 9	Final 1.85	
Cadbury Sept. 14	Int. 4.85		Railway Aug. 9	Final 1.85	
Schwepker Sept. 8	Int. 1.95		Railway Aug. 9	Final 1.85	
Carpenter Sept. 7	Int. 1.95		Railway Aug. 9	Final 1.85	
"Caribbean Union" Aug. 9	Int. 3.5695		Railway Aug. 9	Final 1.85	
"Commercial" Aug. 9	Int. 2.564		Railway Aug. 9	Final 1.85	
"Caroli" Aug. 17	Int. 0.5		Railway Aug. 9	Final 1.85	
"Caroli" Aug. 17	Int. 0.5		Railway Aug. 9	Final 1.85	
"Cm. de Groet" Aug. 17	Int. 1.274		Railway Aug. 9	Final 1.85	
Dalery Sept. 22	Int. 1.77		Railway Aug. 9	Final 1.85	
"De la Cote d'Or" Aug. 22	Int. 1.77		Railway Aug. 9	Final 1.85	
Decca Sept. 3	Int. 2.7322		Railway Aug. 9	Final 1.85	
DGO Sept. 20	Int. 1.523		Railway Aug. 9	Final 1.85	
Superior Sept. 20	Int. 1.523		Railway Aug. 9	Final 1.85	
Ferries Sept. 15	Int. 1		Railway Aug. 9	Final 1.85	
"Glen" Sept. 15	Int. 3.75		Railway Aug. 9	Final 1.85	
"Glyned" Aug. 9	Int. 2.45		Railway Aug. 9	Final 1.85	
"Guardian Royal" Sept. 6	Int. 4.55		Railway Aug. 9	Final 1.85	
Gulness Peak Sept. 2	Final 4.452		Railway Aug. 9	Final 1.85	
"Hambros Tail" Aug. 7	Final 1.17		Railway Aug. 9	Final 1.85	
Reverend Sept. 1	Int. 1.55		Railway Aug. 9	Final 1.85	
"Hercule" Sept. 1	Int. 1.55		Railway Aug. 9	Final 1.85	
"Hongkong" Sept. 1	Int. 1.55		Railway Aug. 9	Final 1.85	
"Shanghai Bok" Aug. 22	Int. HK\$10		Railway Aug. 9	Final 1.85	
Use of France Aug. 19	Int. 1.6894		Railway Aug. 9	Final 1.85	
Rowley Aug. 19	Int. 1.6894		Railway Aug. 9	Final 1.85	
ICI Sept. 1	Int. 9		Railway Aug. 9	Final 1.85	
deBourc Sept. 7	Final 130		Railway Aug. 9	Final 1.85	
Kleinman Sept. 1	Int. 1.65		Railway Aug. 9	Final 1.85	
Renson Sept. 20	Int. 1.65		Railway Aug. 9	Final 1.85	
"Landrooke" Aug. 21	Int. 1.65		Railway Aug. 9	Final 1.85	
Land Investors Sept. 1	Final 1.65		Railway Aug. 9	Final 1.85	

## FT Share Service

The following securities have been added to the Share Information Service appearing in the financial Times:

Iran Energy (Section: Oils)  
Cramall (C. D.) (Section: Motors—Garages and Distributors)  
Levealand Cliffs Iron (Section: Overseas—New York)  
Bellock Holdings Ord. and Conv. Loan (Section: Trusts—Finance, Land)  
Picardie Engineers (1927) (Section: Industrials)

## FINANCE FOR INDUSTRY TERM DEPOSITS

deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 11.5.78.

terms (years)	3	4	5	6	7	8	9	10
interest %	10 $\frac{1}{2}$	11	11 $\frac{1}{2}$	11 $\frac{1}{2}$	11 $\frac{1}{2}$	12	12 $\frac{1}{2}$	12 $\frac{1}{2}$

deposits for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8PX (01-928 7822, ext. 177). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for ICGF and FCL.

# Rotork Limited

*(Registered in England No. 578327)*

**Capitalisation issues of 1,550,504 9½ per cent Cumulative Preference Shares of £1 each and 9,303,026 ordinary Shares of 10p each**

The Council of The Stock Exchange has admitted to the Official List the above Preference Shares and ordinary Shares except those which have been issued to members of the Company's share incentive scheme. Dividends will be payable on the Preference Shares in equal half yearly instalments on 31st December and 30th June. The first payment, amounting to 3.87p per share (net of related tax credit) will be made on 31st December 1978.

The new ordinary Shares will rank *pari passu* in all respects with the existing ordinary Shares of 10p each of the Company.

Particulars relating to the Preference Shares are available on the statistical service of Extel Statistical Services Limited and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 21st August 1978 from :-

**Robert Fleming & Co. Limited,**  
8 Crosby Square,  
London, EC3A 6AN.

**7th August, 1978.**

## Scapa close to budget in first quarter

Mr. T. D. Walker, chairman of Scapa Group said at the AGM that overall, the first quarter's trading and results were close to budget, which looked for a measure of progress during the year.

The order position was, at present, reasonably strong he added: "What we cannot control is the movement of exchange rates." And, he said, any advance in the strength of sterling did have some continuing effect on results, bearing in mind the extent of group sales and interests overseas.

## Embankment Trust

Revenue of Embankment Trust improved from £257,934 to £264,204 in the first six months of 1978 before tax of £103,230 against £99,770. Last year, total pre-tax revenue was £316,000. Net assets at June 30 totalled £13.34m against £12.71m.

**SIMCO MONEY FUNDS**  
Sutro Investment


	Call % p.a.	7 day % p.a.
Mon.	10.436	10.731
Tues.	10.129	10.678
Wed.	9.990	10.662
Thurs.	9.747	10.612
Fri./Sun.	9.771	10.573

## LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metra. (0226 203232)	11	1-year	230	3-7
Knowsley (051 548 6555) .....	11½	1-year	1,000	5-7
Poole (02013 5151) .....	10½	1-year	500	5
Poole (02013 5151) .....	11½	1-year	500	6-7
Redbridge (01-478 3020) .....	11½	1-year	200	3-7
Thurrock (0475 51222) .....	11	1-year	300	4
Thurrock (0475 5122) .....	10½	1-year	300	3

## Fixed Deposits with Lombard

**If you have £5,000 or more to invest for a fixed period of 3 months or longer, telephone our Treasury Department on 01-623 4111 or 01-623-6744 for up-to-the-minute competitive interest rates. Interest is paid without deduction of tax at source.**



**Lombard**  
**North Central**  
Limited  
Bank

Treasury Dept., 31 Lombard St., London EC3V 9BD. Telex: 884935.







## CONTRACTS AND TENDERS



**Société Nationale Industrielle et Minière (SNIM)**  
Islamic Republic of Mauritania

## Notice of Prequalification—B

Société Nationale Industrielle et Minière (SNIM) plans to let supply and works contracts for the exploitation of new iron ore deposits to be mined in Mauritania.

In order to finance the cost of this Project—some \$400m—SNIM has requested loans from the following organisations:

- ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT
- ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT
- BANQUE AFRICAINE DE DEVELOPPEMENT
- BANQUE EUROPEENNE D'INVESTISSEMENTS
- BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DEVELOPPEMENT
- CAISSE CENTRALE DE COOPERATION ECONOMIQUE (FRANCE)
- KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT
- ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES
- SAUDI FUND FOR DEVELOPMENT

In addition to these loans, SNIM will also make use of funds from the following sources:

- ISLAMIC REPUBLIC OF MAURITANIA
- ARAB MINING COMPANY
- ISLAMIC DEVELOPMENT BANK

These organizations intend to apply the proceeds of these credits—which will be available in various currencies—to eligible payments under the contracts for which this notice has been issued. Payment by these organizations will be made only at SNIM's request and upon approval by the same organizations in accordance with the terms and conditions of the loan agreements, and will be subject, in all respects, to the terms and conditions of these agreements. Except as the organizations may specifically otherwise agree, no party other than SNIM shall derive any right from the loan agreements or have any claim to loan proceeds. Société de Coopération Minière et Industrielle (SOCOMINE), Paris, has been entrusted by SNIM with the management of this Project.

This Notice of Prequalification covers the following equipment supply and works:

## B.1—Mining Equipment

- a) 4 diesel powered rotary drills. Diameter of holes: 228.6 mm (9")
- b) 3 wagon drills.
- c) 4 electric shovels. Bucket size: 9.9 m<sup>3</sup> (13 Cu. yd).
- d) 4 front end loaders, or hydraulic shovels: capacity: 800-1000 tonnes per hour.
- e) 26 rear dump trucks: payload: 78 to 109 tonnes.
- f) 16 crawler or tyre mounted tractors (about 230 kW engine).
- g) 3 graders (about 135 kW engine).

## B.2—Material handling

- a) Supply and erection of mobile handling equipment (one 3600 tonne per hour stacker, two radial stackers of 1600 and 2800 tonne per hour capacity, two 2800 tonne per hour linear stackers, one 2700 tonne per hour crawler mounted stacker, two 2500 tonne per hour track bucket wheel excavator, one 3500 tonne per hour track bucket wheel excavator, one 3000 tonne per hour crawler bucket wheel excavator, and one 7500 tonne per hour shiploader).
- b) Supply and erection of a total length of 8 500 m of conveyors, including structural framework, transfer chutes, transfer towers and car loading situation.
- c) Supply and installation of 18 000 m of 800 mm to 1 600 mm wide conveyor belts.

## B.3—Civil engineering

- a) Foundation for material handling and ore beneficiation plant, which requires pouring 11 500 cubic meters of reinforced concrete.
- b) Foundations, floors, bases for pieces of machinery etc. for industrial buildings covering 15 200 square meters.
- c) Complete erection of 2 000 square meters of offices and various single floor buildings.

## B.4—Fuel storage and miscellaneous installations

- a) Supply and erection of a fuel storage yard including:
  - 2 200 m<sup>3</sup> of bunker C fuel
  - 500 m<sup>3</sup> of diesel oil
  - 100 m<sup>3</sup> of petrol
  - all internal piping, metering and delivery devices.
- b) Supply and erection of various networks for the RHEIN industrial area:
  - 7 to 8 bar compressed air
  - diesel oil, fuel oil, petrol, brackish and soft water (14 000 m of underground piping of a diameter up to 100 mm).

In order to select those firms which will be retained for the final calls for tenders issued by SNIM/SOCOMINE for the completion of this Project, all contractors interested in the above mentioned supply and works contracts are requested to send SOCOMINE a pre-qualification application, along with relevant documents and pamphlets showing clearly:

- (i)—Registered name, equity (\*), annual report (\*) and balance sheet (\*).
- (\*) unnecessary for the contractors who have already sent an application for Prequalification Notice A.
- (ii)—Information on the equipment manufactured, or work performed, similar to that required, and references.
- (iii)—Plants where this equipment is manufactured (Location and size). Present work load. Anticipated future work load, expressed in percentage of rated capacity, on a quarterly basis.
- (iv)—Customer service and supply of spare parts.
- (v)—Anticipated delivery time after orders are placed. Anticipated delivery time of working drawings and technical installation specifications after orders are placed. Time required to prepare bids.

This application will state the number and identification of the lot or lots which are sought. It should be sent in time to reach, before 25th September, 1978

Société de Coopération Minière et Industrielle  
(SOCOMINE)  
30, rue Cambonne  
75015—PARIS—France.

under reference: "Projet Guelbs"—Avis de Préqualification B.

SNIM/SOCOMINE reserve the right to check the statements issued by the contractors regarding their ability to perform the concerned work.

SNIM/SOCOMINE also reserve the right to turn down a bid from a prospective contractor, without substantiating their decision.

The prequalified contractors will be notified by letter. This will specify, among other things, the non refundable amount to be paid by each contractor to receive the tender documents.

These will only be available in French.

Prequalified contractors will have to pay a deposit when sending their offer.

Further Prequalification Notices for other equipment to be supplied and other works to be carried out, all within the framework of the "Projet Guelbs," will appear at a later stage.

## CONTRACTS AND TENDERS

**RATE: £13.00**

per single column centimetre

For further details contact:

**FRANCIS PHILLIPS**

on 01-248 8000 Ext. 456

## Businessman's Diary

## U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 13-17	International Gifts Fair	Olympia
Aug. 22-24	Education and Communication Technology Exbn.	Holland Park School, W.8
Aug. 26-Sep. 2	International Motor Cycle Show	Earls Court
Sep. 3-7	International Watch and Jewellery Trade Fair	Earls Court
Sep. 3-7	Giftware and Fashion Accessories Trade Fair	Bristol Exhibition Centre
Sep. 5-7	Electronic Displays Exhibition	Mount Royal Hotel, London
Sep. 11-14	Electrical and Electronics Exhibition	Bristol Exhibition Centre
Sep. 17-20	MAB International Menswear Fair	Earls Court
Sep. 19-21	Firefighting and Prevention Exhibition	Earls Court
Sep. 24-27	International Garden and Leisure Exhibition	Nat. Exbn. Centre, Birm'ham
Sep. 25-29	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition and Symposium	Bloomsbury Centre Hotel
Sep. 26-28	Mailing Efficiency Exhibition	Treestops Hotel, Aberdeen
Sep. 28	Petroleum Equipment Exhibition	

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Title	Venue
Current	16th Overseas Import Fair (cl. Sep. 3)	Damascus
Sep. 5-8	Third International Offshore North Sea Technology Conference and Exhibition	Berlin
Sep. 3-5	Int. Hardware, Tools, Household Goods and Giftware Exhibition	Stavanger
Sep. 9-15	International Leather Week	Paris
Sep. 11-15	International Electra and Mining Exhibition	Johannesburg
Sep. 11-15	International Mining Exhibition	Belgrade
Sep. 12-15	International Congress and Exbn. on Data Processing	Berlin
Sep. 13-17	Int. Trade Exhibition for Home Improvements	Stuttgart
Sep. 19-22	Coffee Symposium and Trade Fair	Montreal
Sep. 23-25	Exhibition and Trade Fair of the Turkish Textile and Ready-to-Wear Industry	Basle
Sep. 24-27	Quorum: Hardware Trades Exhibition for retailers, wholesalers and manufacturers	Paris

## BUSINESS AND MANAGEMENT CONFERENCES

Today	Title	Venue
Today	Turkish Ministry of Foreign Affairs: Seminar on new international economic order (cl. Aug. 11)	Istanbul
Today	British Safety Council: Advanced Management Course (cl. Aug. 11)	London
Aug. 14-16	Exeter University: Toxic Dust Problems in Industry	Exeter
Aug. 14-18	ABRAXAS: Synectics—Innovative Skills	68, Churchway, N.W.1
Aug. 21	British Institute of Management: Selection Interviewing—Theory and Practice	Parker Street, W.C.2
Aug. 29-Sep. 1	Institute of Personnel Management: Practical Negotiation Skills	Hemlingford Grey, Cambs.
Aug. 30-31	Financial Times: World Aerospace	Royal Lancaster Hotel, W.2
Aug. 31-Sep. 1	Brit. Inst. of Management: Effective Speaking—Practice and Coaching using closed circuit TV	Parker Street, W.C.2
Sep. 3-7	Esomar: Value for Money in Market and Social Research	Bristol
Sep. 3-8	British Veterinary Association: Annual Congress	Lancaster
Sep. 4-5	Brunei Univ.: Ergonomics of Workplace Design	Uxbridge, Middlesex
Sep. 4-5	Local Authorities Management Services: Negotiating Skills	Leicester
Sep. 4-7	British Farmer and Stockbreeder: Outlook for the English Wine Growing Industry	Wye College, Kent
Sep. 4-8	Institute of Personnel Management: Work of the Personnel Department	Embassy Hotel, W.2
Sep. 4-8	BACIE: Techniques of Instruction, Part 1	Sackville Hotel, Hove
Sep. 5-6	Institute of Personnel Management: The Secretary in Personnel Management	Whites Hotel, W.2
Sep. 6	Brunei University: Noise in Industry	Uxbridge, Middlesex
Sep. 7-8	Brit. Inst. of Management: Management Accounting for Non-Financial Managers	Parker Street, W.C.2
Sep. 7-8	Brunei University: What is organisation development?	Uxbridge, Middlesex
Sep. 10-15	Inst. of Personnel Management: Advanced Interviewing and Assessment Skills	Oxford
Sep. 10-15	Bradford University: Practical Skills of Managing People at Work	Bradford
Sep. 11	Brit. Inst. of Management: Unfair Dismissal	Parker Street, W.C.2
Sep. 11-15	ABRAXAS: Synectics—Innovative Skills	68 Churchway, N.W.1
Sep. 11-15	Brunei University: Production Management and Human Behaviour; also — Workplace Negotiations	Uxbridge, Middlesex
Sep. 11-15	Inst. of Cost and Management Accountants Summer School: Achieving Productivity and Reward	Surrey Univ., Guildford
Sep. 11-29	Brit. Transport Staff College: Strategies in Passenger Transport—Present and Future	Farnborough, Hants.
Sep. 12	CAM Foundation: Selling Solutions—not just White Space	Daily Mirror, E.C.4
Sep. 12-14	Inst. Personnel Management: Manpower Planning	Whites Hotel, W.2
Sep. 13	Henley Centre: Background Forecasts for Corporate Plans and Budgets to 1983	Carlton Tower, S.W.1
Sep. 13	Context Training: Managers Course	Café Royal, W.1
Sep. 14	Inst. of Marketing: Trading in the 1980s	London Hilton, W.1



## Lembaga Letrik Negara Tanah Melayu

National Electricity Board of the States of Malaya

Bersia and Kenering Hydro-Electric Project

Electrical Equipment

TENDERS ARE INVITED FROM MANUFACTURERS FOR THE FOLLOWING:

## CONTRACT No. 5734/21—TRANSFORMERS

This contract comprises the supply, delivery and erection of the following packages:

## Package A—Bersia

Three (3) 22.5/30 MVA three-phase 50 Hz, 295 kV, 1,050 kV BIL ONAN/ONAF oil immersed, forced air cooled generating unit transformers.

Two (2) 288 kV station class lightning arresters (surge diverters) for mounting on power transformer as in (1) above.

## Package B—Kenering

Three (3) 37.5/50 MVA three-phase 50 Hz, 295 kV, 1,050 kV BIL ONAN/ONAF oil immersed, forced air cooled generating unit transformers.

Two (2) 288 kV station class lightning arresters (surge diverters) for mounting on power transformers as in (1) above.

Tenders will be accepted for each Package separately or both Packages as one Contract. Tenderers shall be manufacturers or consortia of manufacturers of the items described, and should have had previous experience in the design and manufacture of equipment having the characteristics described.

Full details of manufacturers' experience and their technical and financial competence must

Tenders shall be delivered at the head office of LEMBAGA LETRIK NEGARA TANAH MELAYU, 129 Jalan Bangsar, Kuala Lumpur, Malaysia, on the dates indicated below, but the exact date and place for submission of tenders will be specified in the tender documents.

LEMBAGA LETRIK NEGARA is not bound to accept any application or to accept the lowest or any tender. LEMBAGA LETRIK NEGARA is not liable for costs incurred by tenderers in preparing tenders.

Document Issue: About October 1, 1978.

be forwarded with their application not later than September 1, 1978, to:

Project Manager  
Bersia and Kenering Hydro-Electric Project  
The Shawinigan Engineering Company Ltd.  
620 Dorchester Blvd. West  
Montreal, Quebec, Canada H3B 1N8

with copy to:

Project Engineer  
Bersia and Kenering Hydro-Electric Project  
Hydro-Electric Division  
4th Floor, National Electricity Board  
129 Jalan Bangsar  
P.O. Box 1003  
Kuala Lumpur, Malaysia

accompanied by a documentation fee of US\$250, international bank draft or money order, payable to LEMBAGA LETRIK NEGARA TANAH MELAYU.

Tender Documents will be issued by:

Project Manager  
Bersia and Kenering Hydro-Electric Project  
The Shawinigan Engineering Company Ltd.  
620 Dorchester Blvd. West  
Montreal, Quebec, Canada H3B 1N8.

The document fee will be refunded only to applicants not issued the tender documents.

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

<p><b>TODAY</b></p> <p><b>COMPANY MEETINGS</b></p> <p>Chesapeake Ins. Co., Chester Gate, N.W. 11.</p> <p>Harcours, 41, Bishopsgate, E.C. 2.</p> <p>Rooper, 140, Concorde Road, Dartington.</p>		<p>Interiors, 40, Wilsor, Babb (J.), Cavendish.</p> <p>Vivale, General, 10, Wilsor, Babb (J.), Cavendish.</p> <p>Vogelström, 10, Wilsor, Babb (J.), Cavendish.</p> <p>A.A.H. ord. 1,325/25</p> <p>Aylesbury Ship Bldg. Bds. Red. 14/27/49.</p> <p>Barnes, 10, Wilsor, Babb (J.), Cavendish.</p> <p>Brent Ship Bldg. Bds. Red. 14/27/49.</p> <p>Brookman, 10, Wilsor, Babb (J.), Cavendish.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> <p>Burco, Canal, 14/27/49.</p> 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# Senior executive post on TSB Central Board

Senator Reginald R. Jeune, the hire and sales division with chairman of the Trustees Savings Bank of the Channel Islands, has been appointed a deputy chairman of the TSB CENTRAL BOARD in succession to Mr. P. F. Keene. Senator Jeune has a long association with the TSBs, going back to 1955 when he was first appointed to the Board of the then Jersey Savings Bank. He is also the chairman of TSB Unit Trust Managers (Channel Islands), deputy chairman of TSB Trust Company, and a member of the EBC Savings Bank Council.

Mr. Bruce Patterson has been made financial director of TRICENTROL OIL CORPORATION. He joins Tricentrol from the Royal Dutch/Shell Group of Companies where he held various overseas appointments. Since 1974, Mr. Patterson has been head of the treasury general in Shell International Petroleum in London. Tricentrol is a British international resource exploration and production company.

Mr. Edward Rose has been appointed deputy managing director of STEPHENS AND CARTER. Mr. Rose, who joined the company with the group, with continuing six years ago, will retain his special responsibilities for over-seeing companies for the next year.

## Coal stocks 'undermine case for open cast works'

FINANCIAL TIMES REPORTER MOUNTING STOCKPILES of Whittonall, Northumberland, coking coal mean that the National Coal Board should re-think its policy for exploiting the open cast coal reserves. The Council for the Preservation of Rural England said in a letter to Mr. Anthony Wedgwood Benn, Energy Secretary. The council's call has been that less coking coal would be made with particular reference required, "yet the Whittonall to the Coal Board's move to con- sider open cast mining operations it was for coking coal that the on 570 acres of farmland at site was needed."

ANGLO-AMERICAN SECURITIES CORPORATION LIMITED			
Interim Financial Statement for the six months ended 15th July 1978			
(Audited) Year ended 15th January, 1978	Six months ended 15th July, 1978	Six months ended 15th July, 1977	Six months ended 15th July, 1976
3,892,342	2,021,735	2,021,735	2,021,735
653,899	406,640	406,640	406,640
3,238,443	1,615,095	1,615,095	1,615,095
1,292,997	600,471	600,471	600,471
1,945,446	1,014,624	1,014,624	1,014,624
81,253	40,611	40,611	40,611
1,864,222	974,013	974,013	974,013
1,692,136	566,533	566,533	566,533
172,087	407,480	407,480	407,480
5p per share for the year	Dividend on Ordinary Shares payable on 25th August 1978	1p per share	1p per share
114p x.d.	133p x.d.	127p x.d.	127p x.d.
114p x.d.	133p x.d.	126p x.d.	126p x.d.
Revenue figures are not comparable due to a dollar loan of U.S.\$6,750,000 raised in August, 1977, which was referred to in the 1978 Directors' Report.			
The Net Asset Value includes the investment currency premium which at 15th July 1978 was equivalent to 191p per Ordinary Share (15th January, 1978 - 20p per share, 15th July, 1977 - 20p per share).			
No provision has been made for any liability to tax on capital gains which may arise in the future on realisation of investments.			

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

### CENTRAL & SHEERWOOD LIMITED

(Registered in England No. 114948.)

Issue of 1,600,370 10 per cent. Cumulative Preference Shares of £1 each

The Council of The Stock Exchange has admitted the above Preference Shares to the Official List.

Particulars of the rights attaching to the Preference Shares are available in the External Statistical Service and copies of the statistical card may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 21st August 1978 from:

JOSEPH SEBAG & CO.  
Bucklersbury House, 3 Queen Victoria Street  
London EC4N 8DX  
and Stock Exchange

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

### CAFFYNS LIMITED

(Incorporated in England under the Companies (Consolidation) Act 1908)

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The Council of The Stock Exchange has admitted the above-mentioned Preference Shares to the Official List. Particulars of the rights attaching to these shares are available in the External Statistical Service and copies may be obtained during usual business hours on any weekday (Saturdays excepted) for the next fourteen days from:

S.G. Warburg & Co. Ltd. Phillips & Drew  
30, Abchurch Lane, London, EC4A 3DF or Lee House, London Wall, London, EC2Y 6AP

7th August 1978

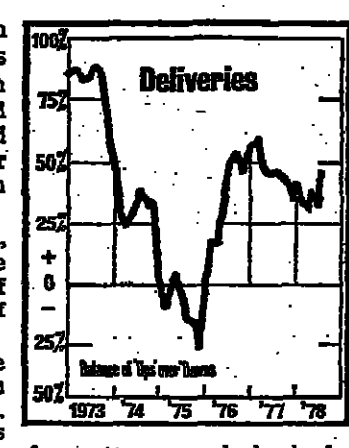
# FT Monthly Survey of Business Opinion

Statistical Material Copyright Taylor Nelson Group Ltd.

## GENERAL OUTLOOK

### A little more optimistic

A FURTHER improvement in business confidence emerges from the latest survey, which covered two consumer industrial sectors—food and tobacco, and textiles and clothing—together with building and construction companies.



In building and construction, the improvement reflected the gradually quickening pace of orders and output and hopes of some recovery in profitability.

There are now said to be clearer signs of an upturn in industrial demand for buildings, but public sector work remains constrained and there is some concern about the availability of house-building.

Food and tobacco companies have been benefiting from the upturn in consumer spending. But they have become less sanguine about profit prospects since this sector was last surveyed in March.

Some textile and clothing companies say that orders are now improving. But generally conditions in this sector remain depressed, with capacity surpluses and imports intensifying competition and the outlook for profits still bleak.

The food/tobacco and textiles/clothing sectors were also less inclined to expect their exports to improve over the next 12 months.

## GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
More optimistic	44	37	30	27	28	57	9		
Neutral	43	43	44	38	72	26	84		
Less optimistic	10	20	26	25	—	—	7		
No answer	3	—	—	—	—	17	—		

## EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Higher	72	76	69	75	60	60	33		
Same	14	14	16	13	40	—	25		
Lower	14	9	12	9	—	36	42		
Don't know	—	1	3	3	—	4	—		

## NEW ORDERS

The trend of new orders in the last 4 months is:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Up	41	44	44	49	51	34	24		
Same	28	27	32	28	32	41	4		
Down	13	13	14	11	—	72	—		
No answer	18	16	10	12	17	25	—		

## PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Rise over 20%	1	3	3	5	—	—	—		
Rise 15-19%	5	1	1	4	—	25	—		
Rise 10-14%	16	12	9	12	—	16	7		
Rise 5-9%	29	26	32	23	69	2	9		
About the same	43	49	45	48	17	49	84		
Fall 5-9%	1	3	3	3	—	—	—		
No comment	5	6	7	5	14	8	—		

## STOCKS

Raw materials and components over the next 12 months will:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Increase	37	34	30	40	40	58	48		
Stay about the same	43	45	47	42	46	10	44		
Decrease	13	17	19	16	—	16	—		
No comments	7	4	4	2	14	16	8		

Manufactured goods over the next 12 months will:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Increase	36	31	28	30	21	49	47		
Stay about the same	48	40	37	38	67	35	45		
Decrease	2	10	10	10	—	—	—		
No comments	22	19	25	22	12	16	8		

## FACTORS CURRENTLY AFFECTING PRODUCTION

		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Home orders	83	86	86	85	78	83	82		
Export orders	65	65	68	63	63	41	83		
Executive staff	28	24	28	29	10	33	7		
Skilled factory staff	44	42	41	43	38	33	—		
Manual Labour	12	14	19	17	—	—	—		
Components	5	2	4	4	3	16	—		
Raw materials	7	3	4	3	—	16	9		
Production capacity (plant)	11	11	11	14	5	26	7		
Finance	—	—	—	—	—	—	—		
Others	12	4	10	9	21	33	4		
Labour disputes	22	24	30	30	21	18	7		
No answer/no factor	1	1	1	4	—	7	—		

## LABOUR REQUIREMENTS (Weighted by employment)

Those expecting capital expenditure over the next 12 months to:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Increase in volume	62	62	54	55	75	65	36		
Increase in value but not in volume	9	8	5	6	8	7	78		
Stay about the same	19	9	11	15	10	3	33		
Decrease	16	18	28	24	7	25	3		
No comment	3	3	2	—	—	10	—		

## CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting their labour force over the next 12 months to:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Increase	16	24	29	28	9	6	5		
Stay about the same	67	56	52	57	80	70	95		
Decrease	17	20	19	15	11	24	—		

## COSTS

Wages rise by:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
0-4%	—	—	—	—	—	—	—		
5-9%	15	19	12	9	1	16	9		
10-14%	72	64	66	67	71	76	91		
15-19%	5	9	12	13	—	—	—		
20-24%	—	2	2	2	—	—	—		
Same	—	—	—	—	—	—	—		
Decrease	—	—	—	—	—	—	—		
No answer	8	6	8	9	28	8	—		

Unit cost rise by:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
0-4%	8	5	—	1	3	16	—		
5-9%	40	41	34	38	36	41	49		
10-14%	39	43	52	49	36	18	40		
15-19%	2	2	4	5	—	—	—		
20-24%	—	4	3	4	—	—	—		
Same	—	—	—	—	—	—	—		
Decrease	—	—	—	—	—	—	—		
No answer	11	5	6	3	25	25	11		

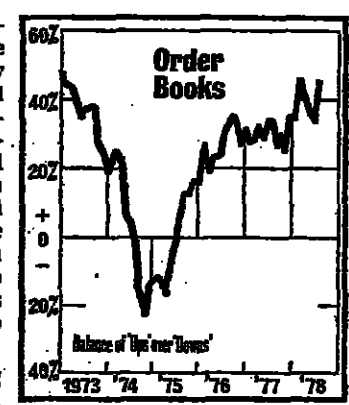
## PROFIT MARGINS

Those expecting profit margins over the next 12 months to:		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Improve	39	37	32	23	51	25	28		
Remain the same	27	29	30	41	35	34	—		
Contract	27	28	35	33	14	33	65		
No comment	7	6	3	3	—	8	7		

## ORDERS AND OUTPUT

### Some signs of an upturn

THE LATEST orders and output indicators show that the recovery remains both patchy and moderate. The food and tobacco industries are benefiting from the revival in consumer spending, as one would expect. Deliveries have risen in the last four months and turnover expectations for the coming 12 months have been revised upwards. But they do not expect the levels of sales during the next four months to change by very much.



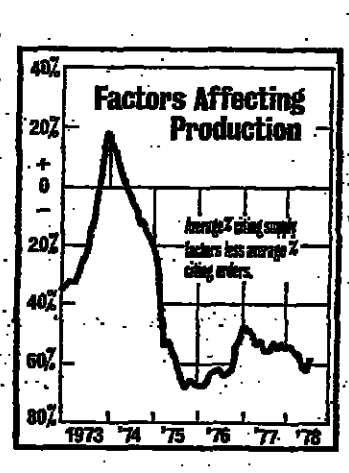
In the textile and clothing sector, on the other hand, where market conditions have been affected by world-wide capacity surpluses, the situation remains depressing. The trend of orders appears to have improved in recent months, but the "down" still outweighs the "ups" both for orders and current deliveries while the median production increase forecast for the coming 12 months is still little more than zero.

In building and construction, by contrast, the outlook is much more encouraging. Nearly all the firms contacted last month report improving deliveries and, with new orders continuing to pick up, 12-monthly production forecasts are again being raised.

## CAPACITY AND STOCKS

### Plenty of room to spare

WITH THE exception of the food and tobacco sectors, the recovery has so far had little effect upon capacity utilisation rates in industry. The indicator for capacity working is based upon target capacity rather than maximum capacity, but even on that basis many firms are working below expected levels, especially in the textiles and clothing sectors.



Another pointer is the extent to which current output is said to be constrained by demand rather than supply factors. As the chart indicates, there has been little real change for the last three years.

## CAPACITY WORKING

		4 monthly moving total				July 1978			
		Apr.-July	Mar.-June	Feb.-May	Jan.-Apr.	Constrcn. & Bldg.	Food & Textiles	Tobacco	Clothing
Above target capacity	14	10	10	9	14	33	8		
Planned output	56	53	54	56	61	51	16		
Below target capacity	29	36	35	34	25	16	76		
No answer	1	1	1	—	—	—	—		

## INVESTMENT AND LABOUR

### Few prospects for new jobs

THE MODERATE pace of the recovery offers little prospect of an early reduction in the numbers of unemployed. The labour requirements indicator is now zero with two-thirds of all the firms contacted in the last four months expecting their labour force to remain about the same over the next 12 months and those expecting to take on more just about balancing those expecting to need fewer.



99	West LB
	BHF-Bank
00	Deutsche Bank
00	BHF-Bank
00	Bay. Vereinsbank
00	West LB
00	UBS
00	Swiss Bank Corp.
00	UBS
00	Swiss Bank Corp.

00 Minimum 5 Convertible  
 00 Purchase Any

and issue—for which conversion rights are also exercisable by the bondholder. The bonds were not until April—has been in demand at 10-15 per cent. The companies which bonds are currently rated as "B" on the U.S. market. The average price, \$137 at last Thursday's close, has ranged between \$134 and \$144 this year.

Due for announcement in the Swiss franc sector this week is a SwFr 250m 15-year offering by the World Bank. Earlier announcements

PARIS				
	Aug. 4	Price Fr.	4-c Fr.	Div. Fr.
Rente 4%.....	140.3	+5.1	4%	10.0
Afrique Occ'ale.....	530	-1.1	4%	10.0
Av. L'Equipe.....	530.0	-0.8	4%	10.0
Aquitaine.....	578	-	4%	10.0
BIC.....	514	-9	4%	10.0
Boulogne.....	515	-	4%	10.0
.....	515	-7	4%	10.0

+0.01	Cargill	1,783	-27	75	75
	C.G. 12	988	-5.5		
	C.I. 12, Alcatel	1,058	-5	71.5	71.5
+0.01	Club Med	1,000	-1		
	Club Med	412	-16		
	Credit Union, P.Fee	128.1	-6.5	12	12
	Crucian, Loire	590	+0.5		
+0.02	Dumas	1,477	+3	82.7	82.7
	Euro	1,477	+3	82.7	82.7
	Gen. Occidentale	1,930	+19		
+0.02	Imperial	87.1	-1.1	5.7	5.7
	Jacques Barot	153.3	-2.6		
+0.02	Lafarge	20.8	-2.8	15.75	15.75
	Lafarge	20.8	-2.8	15.75	15.75
+0.02	Lafarge	1,728	-58		
	Malsons Pharm.	590	-28	32.55	32.55
+0.5	Alschtein "H"	1,390	-58	32.55	32.55
	Neo Hennegou	58	-10	12.5	12.5
+0.02	Pariflex	181.5	-1.5		
	Pariflex	181.5	-1.5		

[illegible]

	Aug. 4	Price Cmty.	+ or -	Grav. Cmty.
Acetate BP	1.5	+0.05	1.12	
Banco do Brasil	1.65	+0.14	1.79	
Banco Itaú F&I	1.05		1.50	
Banco Minervel	1.40		1.50	
Lejao Amer. OP	3.55	+1.12	2.20	
Lejao Brasil PI	0.50	+0.18	1.12	
Pirelli	1.30		3.18	
Comp. Cruz OP	1.70	+0.1	1.60	
Comp. Cruz PI	1.20		1.50	
Vale Rio Doce PI	1.2		1.50	
Turnover: Cr. 10 Mo.		Vol. 8	1.2	

OSLO				
	Aug. 4	Price Kroner	+ or -	Div. %
Bergen Bank.....	99	+1	8	
De Crepant.....	114	+1	11	
Kronos.....	220	-	20	
Krona-Kr.....	110	-	11	
Nord-Hydro Krs.....	205.25	+4.75	12	
Storebrand.....	22.0	-2.0	7	
SPAIN ♥				
August 4	Per cent.			
Asland.....	123	-		
Banco Bilbao.....	247	-		
Banco Atlantico (1,000).....	247	-		

1.3	Banco Exterior	285	
1.5	Banco General	282	
1.6	Banco Granada (1,000)	1 7	+
1.7	Banco Industrial	285	
1.8	Banco Ind. Cal. (1,000)	178	
1.9	B. Ind. Mediterraneo	206	
2.0	Banco Popular	225	
2.1	Unión de Bancos (285)	285	
2.2	Banco Uruguayo (1,000)	230	
2.3	Banco Vizcaya	251	
2.4	Banco Zaragozano	287	
2.5	Banco de España	154	
2.6	Marina Andaluza	265	
2.7	Barcelon Vilano	21	
2.8	CIC	29	
2.9	Drassanes	282	
3.0	Immobiliar	70	+
3.1	S. I. Aragonesa	53	+
3.2	Esportista Lusa	262	+
3.3	Banco Tinto	75	+
3.4	Vezca (1,000)	65.75	

Penasa (1,000)	75.15	
Gal Praeludos	78	
Gal Velaazung (400)	125	
Androla	75.15	+
Berdiero	85	
Alarra	115	
Palmas	122	
Petrolifer	66	
Petrolins	201	
Sarmio Fenders	50	
Snabe	47	
Sopelasa	129	
Telefonica	83.50	
Torras	94	
Tubacex	72.15	
Union Elec.	95	+

HONG KONG		
Hong Kong \$	Ang. \$	Jul
1.00	1.00	
2.00	2.00	
3.00	3.00	
4.00	4.00	
5.00	5.00	
6.00	6.00	
7.00	7.00	
8.00	8.00	
9.00	9.00	
10.00	10.00	

[illegible]

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572
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are sub. : Dr. and field exclude spec.  
trading. : Minority holders only. : M-  
: Seller. : Assumed. : or For rights. :  
all. : A interim since increased.



## OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

Trident Life Assurance Co. Ltd.	Basic Reserve, £1,278	29 4
Renslade House, Gloucester	0452 36541	Confederation Funds Mgt.
Managed 125 1 132 5	—	Edith Rogers Lane, WYCOMBE

Old Med.	1474	1563	
Prop. Amer. Ins.	1475	1564	
Property American	1476	1565	
R. Equity Fund	1112	1187	-8
Rockwell	1113	1188	-8
St. Louis	1114	1189	-8
St. Louis	1115	1190	-8
St. Louis	1116	1191	-8
St. Louis	1117	1192	-8
St. Louis	1118	1193	-8
St. Louis	1119	1194	-8
St. Louis	1120	1195	-8
St. Louis	1121	1196	-8
St. Louis	1122	1197	-8
St. Louis	1123	1198	-8
St. Louis	1124	1199	-8
St. Louis	1125	1200	-8
St. Louis	1126	1201	-8
St. Louis	1127	1202	-8
St. Louis	1128	1203	-8
St. Louis	1129	1204	-8
St. Louis	1130	1205	-8
St. Louis	1131	1206	-8
St. Louis	1132	1207	-8
St. Louis	1133	1208	-8
St. Louis	1134	1209	-8
St. Louis	1135	1210	-8
St. Louis	1136	1211	-8
St. Louis	1137	1212	-8
St. Louis	1138	1213	-8
St. Louis	1139	1214	-8
St. Louis	1140	1215	-8
St. Louis	1141	1216	-8
St. Louis	1142	1217	-8
St. Louis	1143	1218	-8
St. Louis	1144	1219	-8
St. Louis	1145	1220	-8
St. Louis	1146	1221	-8
St. Louis	1147	1222	-8
St. Louis	1148	1223	-8
St. Louis	1149	1224	-8
St. Louis	1150	1225	-8
St. Louis	1151	1226	-8
St. Louis	1152	1227	-8
St. Louis	1153	1228	-8
St. Louis	1154	1229	-8
St. Louis	1155	1230	-8
St. Louis	1156	1231	-8
St. Louis	1157	1232	-8
St. Louis	1158	1233	-8
St. Louis	1159	1234	-8
St. Louis	1160	1235	-8
St. Louis	1161	1236	-8
St. Louis	1162	1237	-8
St. Louis	1163	1238	-8
St. Louis	1164	1239	-8
St. Louis	1165	1240	-8
St. Louis	1166	1241	-8
St. Louis	1167	1242	-8
St. Louis	1168	1243	-8
St. Louis	1169	1244	-8
St. Louis	1170	1245	-8
St. Louis	1171	1246	-8
St. Louis	1172	1247	-8
St. Louis	1173	1248	-8
St. Louis	1174	1249	-8
St. Louis	1175	1250	-8
St. Louis	1176	1251	-8
St. Louis	1177	1252	-8
St. Louis	1178	1253	-8
St. Louis	1179	1254	-8
St. Louis	1180	1255	-8
St. Louis	1181	1256	-8
St. Louis	1182	1257	-8
St. Louis	1183	1258	-8
St. Louis	1184	1259	-8
St. Louis	1185	1260	-8
St. Louis	1186	1261	-8
St. Louis	1187	1262	-8
St. Louis	1188	1263	-8
St. Louis	1189	1264	-8
St. Louis	1190	1265	-8
St. Louis	1191	1266	-8
St. Louis	1192	1267	-8
St. Louis	1193	1268	-8
St. Louis	1194	1269	-8
St. Louis	1195	1270	-8
St. Louis	1196	1271	-8
St. Louis	1197	1272	-8
St. Louis	1198	1273	-8
St. Louis	1199	1274	-8
St. Louis	1200	1275	-8
St. Louis	1201	1276	-8
St. Louis	1202	1277	-8
St. Louis	1203	1278	-8
St. Louis	1204	1279	-8
St. Louis	1205	1280	-8
St. Louis	1206	1281	-8
St. Louis	1207	1282	-8
St. Louis	1208	1283	-8
St. Louis	1209	1284	-8
St. Louis	1210	1285	-8
St. Louis	1211	1286	-8
St. Louis	1212	1287	-8
St. Louis	1213	1288	-8
St. Louis	1214	1289	-8
St. Louis	1215	1290	-8
St. Louis	1216	1291	-8
St. Louis	1217	1292	-8
St. Louis	1218	1293	-8
St. Louis	1219	1294	-8
St. Louis	1220	1295	-8
St. Louis	1221	1296	-8
St. Louis	1222	1297	-8
St. Louis	1223	1298	-8
St. Louis	1224	1299	-8
St. Louis	1225	1300	-8
St. Louis	1226	1301	-8
St. Louis	1227	1302	-8
St. Louis	1228	1303	-8
St. Louis	1229	1304	-8
St. Louis	1230	1305	-8
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St. Louis	1323	1398	-8
St. Louis	1324	1399	-8
St. Louis	1325	1400	-8
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Do Equity Aug 1	271 8	.....	—	41 Bishopsgate, E.C.2	
Do Bond Aug 1	180 0	.....	—	Progressive	(71.1 75.0)

[illegible]

Windsor Park, Exeter	0002-52153	G.T. Cap. Inc.	90 5	96 2nd
Money-maker Fd	106 4	Do Acc.	109 5	116 6

Windsor Life Assurance Co. Ltd.			
Royal Albert Hosp., Shrop. S.S. & W.	694.46		
Life Inv. Plan	105.2	72.5	
Future Assn. Gthb.		21.00	+3.90
Formosa Alth. Bdy.		42.00	+0.90
Tr. Assn. Div.		129.90	+2.40
Flex. Inv. Growth	105.5	111.3	+2.4
U.K. Ind. P'd. Tr.			126.7
U.S. & Can.			128.7
U.K. Japan & Gen.			361.0
U.S. & Can.			359.3
Wol. Penn. & Fd.			146.16
Wol. Penn. & Fd.			146.16
U.K. Four. & Fd.			53.4
			65.0
G. & A. Trust Int. (U.K.)			
8. Rayleigh Rd. Brentwood			10
G. & A.			36.4

Prices do not include \$ premium, except where indicated, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses. A offered prices include all expenses. B Trade prices. C Yield based on offer price. D Estimated. E Trade.

penning price, a Distribution free of UK tax plus a periodic premium insurance plans & survival premium insurance & offered price includes all expenses except administration costs. Offered price includes all expenses if bought through manufacturer & Premium due after 1st. Net of this on realisation, capital gains will be indicated by a 4 quarterly gains & 4 sub-totals. \* Valid to 30th January 1981. † Excludes 1980.

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange, Ave., London EC3V 3LU, Tel: 01-263 1161.	
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital .....	151.60
Clive Fixed Interest Income .....	117.33

**CURL INDEX: Close 497-502**

INSURANCE BASE RATES	
† Property Growth .....	104%
† Vanbrugh Guaranteed .....	9.2%
* Address: 4000 and 41 Insurance and Property Bond, Tel:	







Serving the world  
with  
financial expertise.

**SANWA**  
**BANK**  
Tokyo, Japan

**MINES—Continued**

## CENTRAL AFRICAN

Trades	Stock	Price	Last	Div	Cvr	Gr
w. May	Falcon Rb 30c.	165	14	Q50c	1.3	24
May	Wheat 1000 16p.	16	17.9	0.57	7.1	5
	Roam Cons. Ka	70	12.2			
ec. July	Truway 50p	170	12.6	Q100	1.2	1
July	Two Pref. 80p	187	12.6	Q100	16.3	9
ov. May	Wankee 100p	35	12.6	Q100	1.4	1
	Am. Tr. SBD 24	13	11.75			

Floucaud, L. and T. a	136	74.5	Q
BH South 50c	118	9.79	

[illegible]

South Korea \$Mn 50	210	321077
Singh Malayan \$Mn.	305	340117

	Sudanese Res (\$31)	295	78	60%	0	1
Nor	Tanzania Res (\$31)	88	22	25%	0	1
Mar	Tanjanika Res (\$31)	22	13	60%	1	1
Oct	Tanzania Res (\$31)	92	13	25%	1	1

**COPPER**

Dec.	Mexico B350	90	12	12%	Q30c	1 1/2
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**MISCELLANEOUS**

	Burmese	53	-	-	-	-
Feb.	Burma Mills 170g	13	57%	-	-	-
Nov	Korea March 10g	230	31	14%	2.6	6
June	Hongkong C31	230	23	6%	2.6	6
June	R.T.T	230	23	6%	2.6	6
	Salvina Indus C31	55	-	-	-	-
	Tanjanika C31	882	-	-	-	-
July	Indus Mills 10g	47	23	15%	0	4
October	Tanjanika C31	176	15%	97%	2.9	1

**NOTES**

For observations indicated, prices and set dividends are based on the following assumptions:

- (1) All shares are fully paid up.
- (2) All shares are listed on the New York Stock Exchange.
- (3) All shares are held by individuals who are not related to the company.
- (4) All shares are held by individuals who are not related to the company.
- (5) All shares are held by individuals who are not related to the company.
- (6) All shares are held by individuals who are not related to the company.
- (7) All shares are held by individuals who are not related to the company.
- (8) All shares are held by individuals who are not related to the company.
- (9) All shares are held by individuals who are not related to the company.
- (10) All shares are held by individuals who are not related to the company.

denominated securities which include premium.

[illegible]

1978. <sup>M</sup> Dividend and yield based on

my Inv. 50p	24	.....	Shell Redistri. (1)	55	.....
my Inv. 25p	24	.....	Shell (1)	20	.....
my Inv. 10p	24	.....			
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155	Irish Ropes	13
263	Jacob	6

Goldsmith	33	+4	Sunbeam	31	+13
Goldman	26	0	T.M.C.	215	0
Goldstein	26	0	Udvardy	21	0
Gold Brick	45	0			

## OPTIONS

### 3-month Call Rates

<b>Trials</b>					
1. I.C.T.	20	20	Tube Invest.	38	0
2. "Times"	60	0	Unlever	37	0
3. "Clement"	50	0	Unlever	37	0
4. "Innovac"	9	0	Unlever	37	0
5. "KCA"	20	0	Vickers	16	0
6. "Lloyd's"	20	0	Woodwards	9	0
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Monday August 7 1978

CONTRACTORS  
WHO CARERush & Tompkins  
Builders & Civil Engineers

## Economic recovery is slow, says industry

## Economic recovery is slow, says industry

BUSINESS confidence is improving, but the upturn in consumer spending is working its way through to industry very slowly, according to the latest Financial Times monthly survey of business opinion which last month covered two consumer sectors—food and tobacco, and textiles and clothing—and building and construction companies.

In these sectors, the benefit of higher consumer spending has so far been felt mainly by the food and tobacco industries.

Some textile and clothing firms say that orders have picked up. But generally conditions remained very depressed, with capacity surpluses and imports intensifying competition.

An upturn in industrial demand is reported by some building and construction firms. But public sector work remains restrained, and there is some concern about the availability of land and mortgages for housebuilding.

Inflation expectations continue to improve. The all-industry median forecast for 1979 is now down to 9 per cent, the lowest level for five years.

The Government's new pay policy guidelines were published too late for the survey to include industry's considered reactions.

Several companies said that wages increased during the next round would depend upon their own priorities or upon trends generally in their sector.

Details, Page 15

## EARNINGS ON CAPITAL

Those expecting earnings during current year to:	4 monthly moving total				July 1978			
	Apr.	May	June	July	Apr.	May	June	July
Improve	55	54	43	36	74	41	25	25
Remain the same	20	23	27	37	18	18	40	40
Contract	23	20	27	25	8	41	35	35
No comment	2	3	3	2	—	—	—	—

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## Vance fails to make progress with Israel

BY DAVID LENNON

JERUSALEM, August 6.

THE AMERICAN attempt to rescue the dying Middle East peace negotiations appeared to make little progress as Israel threw the blame for the deadlock on the Egyptians.

Mr. Cyrus Vance, the U.S. Secretary of State, who is reported to be very angry over both sides' intransigence, held a series of meetings with Israel's leaders today but they did not offer any new ideas for reviving the direct Israel-Egypt peace talks initiated by President Sadat when he flew to Jerusalem last November.

The talks foundered on Israel's refusal to accede to Egyptian demands that it withdraw from the occupied West Bank and Gaza Strip in exchange for peace.

President Sadat is now insisting that Israel must agree to total withdrawal before he will permit a further round of direct talks.

The Secretary of State is believed to hold out little chance for the success of his rescue mission. According to unconfirmed reports he believes that America should now produce its own peace proposals and impose them on all the parties if necessary.

After the fresh round of talks this morning, Mr. Menachem Begin, the Israeli Prime Minister, praised the Secretary of State for his courage in undertaking "the very difficult task of bringing about a resumption of the talks with Egypt."

The Premier said that recent Egyptian statements were frustrating the possibility of a resumption of the talks.

Mr. Moshe Dayan, the Foreign Minister, tried to introduce a note of optimism into the grim atmosphere when welcoming Mr. Vance by saying that both sides must make concessions, "because all other alternatives are far worse."

Israel, believes that it is up to Mr. Vance to coax the Egyptians back to the negotiating table, but appeared unwilling to offer any inducement apart from expressing agreement to go on with the talks.

Speaking after the second round of talks during the day, Mr. Begin said that he and Mr. Vance had serious discussions on the possibility of changes in Israel's policy towards occupied Arab land. However, the Israeli leader indicated that he stood by his plan to grant limited self-rule under Israeli military control to the Arabs of the West Bank and Gaza.

Mr. Vance is expected to have an unscheduled additional meeting with Mr. Begin tomorrow before flying to Egypt for talks with President Sadat.

The Secretary of State is due to leave Egypt on Wednesday for his way back to Washington. But if there is any real progress he might make another visit to Jerusalem.

**Heavy fighting**

Isaac Rikiz writes from Beirut: An escalation in the fighting between Syrian troops of the Arab peace-keeping force and Christian militias has prompted urgent contacts by President Elias Sarkis to arrange a truce.

After a lull during the day, the Syrian artillery barrage started up again this evening with rockets raining down on the Christian areas of East Beirut. Right-wing militiamen replied with heavy machinegun fire. Last night's attacks centred on two Christian quarters, Ashrafyah and Ain el-maneh. They were regarded as the worst since the Syrians began to put heavy pressure on the Christian forces.

Mr. Sarkis has invited Mr. Pierre Gemayel, the leader of the Phalangist Party, to a meeting tomorrow to discuss a truce. The President is believed to have told political leaders that he needs a month of quiet to begin finding solutions to the country's security problems.

Dr. Selim al-Hoss, the Lebanese Premier, today met Government officials for talks about the fighting in Beirut and the situation in the south where Israeli-backed right-wing forces last Monday blocked the movement into the south of a 700-man force of the reconstituted Lebanese Army.

Reports that Major Saad Haddad, leader of some of the Christian militiamen in southern Lebanon, had agreed to cease firing on Lebanese forces trying to move into his area were denied by Lebanese military officials in Beirut.

The Premier also had a meeting with Sir Peter Wakefield, the British Ambassador, who briefed him on UK efforts to implement the Security Council resolutions which set up the UN force to supervise Israeli withdrawal from the south of the country and re-establish Lebanese authority.

Over the past five days, 100 people were killed and 40 wounded, mainly civilians, in the eastern sector of Beirut, according to the Christians.

The "Voice of Lebanon," the radio mouthpiece of the Phalangist Party, said that the streets of Ashrafyah were covered with debris and shattered glass.

It added that about 2,000 shells had fallen early this morning, mostly on the headquarters of the Phalangist Party and the National Liberal Party.

**Editorial comment, Page 10**  
**Pakistan hunt after PLO raid, Page 2**

## Dairy industry proposals cause anger

BY CHRISTOPHER PARKES

AN ICONOCLASTIC report proposing radical changes in the UK dairy industry has infuriated and embarrassed the Ministry of Agriculture and the Milk Marketing Board.

Lord Rothschild's Centre for Agricultural Strategy at Reading University, Britain's premier agricultural think-tank, says the present milk production system leads to "a large waste of resources and the production of unwanted by-products on a massive scale."

Financial aids from the Government and the Common Market should be cut to encourage change, says the report, out today.

The paper also says the concept of milk as a "natural" product and "purity" in dairy products are "no longer appropriate and should be abandoned."

Once this has been done a far greater range of "dairy" products can be put on sale including milk minus all or part of its butterfat content, milk with vegetable fat "cream" added, and spreads made of butter mixed with vegetable fats which would compete with butter and margarine in the shops.

The popular belief that the British dairy industry is among the most efficient in the Common Market is also challenged.

And the report concludes that since the dairy industry can mend its ways without outside help, "to stimulate change the European Commission and the UK Government should gradually reduce financial support."

The fundamental complaint of the authors, headed by Prof. J. C. Bowman, is that British cows simply do not produce the product needed by the dairy industry.

Their milk does not contain enough of the ingredients essential for butter and cheese factories. The UK now imports about 80 per cent of its butter and 40 per cent of its cheese. It is 100 per cent self-sufficient in milk for drinking.

The findings, the report says, can be corrected by a change in the basic breeding policy towards the Jersey.

Friesians produce large quantities of the type of milk criticised in the report. Jerseys on the other hand, produce high-fat milk but in only modest amounts.

The Ministry of Agriculture was quick to dissociate itself from the document. "The solutions it advances are very radical," a spokesman said.

"At first sight they appear seriously to underestimate the practical and commercial difficulties that would be involved."

Mr. Brian Hayes, deputy secretary at the Ministry is a member of the advisory board of the Centre for Agricultural Strategy, and he is understood to have recommended that the report should be radically changed or not published.

His advice was ignored.

In an unusually EEC-conscious moment the Ministry added that any changes in UK dairy policy "would have to be consistent with common policy aims."

The Milk Marketing Board rejected most of the report's recommendations, saying if implemented they would lead to an increase in the EEC's surpluses. While some ideas were "superficially attractive," they were "neither practicable nor sensible."

The main weakness of the report was that it proposed "radical and long-term solutions to what will prove to be only short-term problems."

Strategy for the UK Dairy Industry, Centre for Agricultural Strategy, University of Reading, RG6 2AT, £2.95 post free.

## Tories aim to cut taxes and spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN INCOMING Conservative government will aim to produce a package of public expenditure cuts and tax reductions designed to ensure that public sector borrowing in the financial year starting next April is significantly less than indicated by Labour's plans.

In particular, the Tories would hope to make a start on cuts in spending on the trade, industry and employment budget and on housing. In order to boost the size of the package there might also be cuts in transport subsidies and in certain purely financial transactions.

In addition, a "war on waste" could be mounted to secure savings in the running of the public sector and cash limits fixed at tight levels to produce greater frugality in financial management.

On taxes, the Tories would hope to make an early start on their "enterprise package" of reductions in the higher rates of income tax and changes in investment income surcharge and capital transfer and capital gains taxes.

A significant part of any cuts in basic income tax rates would be financed by increases in value added taxes such as VAT and excise duties.

**Feature, Page 10**

## Plan for reprieved Bilston steelworks

BY JOHN LLOYD

MANAGEMENT and unions, at the larger steel complexes as Bilston steelworks, West Midlands, have completed carbon squares and rounds (billets) which, they claim, will put the plant's future on a firm foundation. The plant was granted a reprieve from closure in June when the Iron and Steel Trades Confederation, the largest steel union, threatened strikes throughout the British Steel Corporation.

The union will seek support for its plans at a meeting of the TUC steel committee on August 24.

Mr. John Pennington, director of the corporation's Sheffield division has written to the joint committee of the management and unions about dismissing the report on Bilston's future.

However, the union's claim that the joint committee was established merely to divert attention from the closure which had already been decided.

Two possibilities for continuing steel production at Bilston, both of which could be profitable have been put forward by Mr. Dennis Turner, chairman of the joint committee.

THE FIRST proposal, embodied in the two-volume report, is for Bilston to take the role of a "flexible support plant

After the story of the American microelectronics engineer who stands to make a second fortune with the help of money from the UK's National Enterprise Board, the case of the DeLorean Motor Company looks like an even better deal—for ex-General Motors executive John Z. DeLorean and his growing band of North American investors. Where else would an untold product like his gull-wing two-passenger sports car attract Government support which could run as high as £50m? Not surprisingly, the Northern Ireland Development Agency and the province's Department of Commerce are remaining tight-lipped about the financial details of the deal.

## Overall value

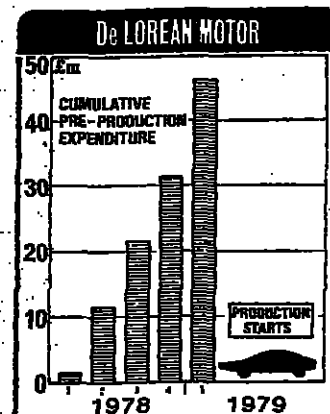
There can be no doubt that the Government has really pulled out the stops to bring new employment to West Belfast. All that has been said in public about the financial help DeLorean Motor has secured is that the overall value of the sums involved in setting up the production plant for the new sports car will be around £55m.

Of this it is said some £20m will be coming from DeLorean itself. The balance is a mixture of loans, equity and most important of all, cash grants. It is the breakdown of this total support figure (which could apparently vary between £40m and £50m, depending on how much equity the Northern Ireland Development Agency takes up under the semi-underwriting arrangements of the deal) that official sources are so reluctant to reveal. But it is clear that the grant element makes up a substantial proportion of the package.

No wonder Mr. DeLorean chose Belfast in preference to Puerto Rico where the proposed Government support would have largely taken the form of loan capital. Even the Republic of Ireland's allegedly unbeatable incentive package could not match the competition across the border. The UK Government created a political furor when it supported Chrysler in its hour of need. Chrysler, which has around 20,000 employees, has so far received about £52m of taxpayers' money—a cheap form of subsidy compared with DeLorean, which will initially employ only 600 people, and offers a longer term prospect of

## THE LEX COLUMN

## UK cash powers DeLorean motor



Ludlum—which will supply steel for the plastic and stainless steel car body—has put up \$1m, as has Mr. DeLorean's West Coast neighbour, the entertainer Johnny Carson—who may, under a deal which allows him to be company spokesman, mention how things are coming along in West Belfast now and again during his TV shows. Finally, Sears Roebuck is yet another substantial investor, with a \$800,000 stake.

One of the great strengths of DeLorean Motor is its dealer network. Already 220 dealerships have been signed up, contributing to new stock at the rate of \$25,000 apiece, and another 180 are almost in the can. Each dealer is committed to buying 100 sports cars from DeLorean Motor in the first two years of production, and to providing the company with a \$100,000 revolving letter of credit. With some dealers signing on for more, this means that DeLorean Motor will soon have advance orders for 50,000 units—some two years' production. In contrast, Britain's Lotus sports car business (which last year received substantial financial help from American Express) has an annual production closer to 1,000 cars.

## Advance orders

The dealer network is all part of Mr. DeLorean's own policy for a company which he hopes will rapidly capture a large share of the expanding U.S. sports car market. His philosophy is that it is easier to build what has been sold, than to sell what has been built. DeLorean Motor will continue to operate on the basis of advance orders and will never build for inventory. If all goes according to plan, profits should begin to show through in 1981.

Obviously, the financial risks are high—a fact which Mr. DeLorean has never attempted to disguise. The original prospects filed with the SEC stated that only those who could face up to a total loss of the minimum investment of \$25,000 should be prepared to put up funds. Mr. DeLorean himself has put \$4m into the project, which is "just about all I possess." But by sifting the names among its stockholders, plant in West Belfast, he has managed to swing the risk. Wood Gundy have contributed reward ratio substantially in his \$2m, partners in Merrill Lynch favour by courtesy of Her are in for \$475,000. Allegheny Majesty's Government.

## Existing funds

Capital introduced prior to the Northern Ireland deal comes to around \$35m—of which \$20m is still held with the investment bank, Oppenheimer and Co., in New York. This was raised on the basis of having the production plant site in Puerto Rico and DeLorean Motor must now wait to see whether investors want to change their minds given the decision to opt for Belfast. Mr. DeLorean believes they will not mind.

In addition to its present resources DeLorean Motor will shortly proceed with plans to raise a further \$30m, probably from U.S. investors. Already it boasts a fascinating list of names among its stockholders. Partners in Canadian brokers managed to swing the risk. Wood Gundy have contributed reward ratio substantially in his \$2m, partners in Merrill Lynch favour by courtesy of Her are in for \$475,000. Allegheny Majesty's Government.

## Trade hopes are bright on Dell's China trip

BY DAVID HOUSEGO

PEKING, August 6.

MR. EDUARD DELL, Trade Secretary, arrived in Peking tonight at the head of a powerful delegation apparently hopeful that his visit will pave the way for export orders.

British goods in which the Chinese are showing interest include equipment to modernise the coal industry. The sluggish growth in energy supplies has been identified by the Chinese as one of the major bottlenecks to a faster expansion of industrial output.

Another potential area of sales is the aerospace industry—already accounting for 40 per cent of British exports to China. Negotiations are in hand for the Harrier jet and for ground equipment for airports. The Chinese have already bought Trident aircraft and venture licensing agreement to manufacture the Rolls-Royce Spey engine. Mr. Dell is expected to see the Spey plant during a visit to Sian.

A further indication of growing exchanges between Britain and China is that negotiations will begin soon on a science and technology agreement. Britain is also expected to take about 1,000 Chinese students for training in Britain in 1979 as part of a Chinese programme to educate some 10,000 students abroad, mainly in the U.S. Neither of these items, however, is expected to come up for discussion during Mr. Dell's talks here.

The visit comes at a time when the new Chinese leadership seems ready to start signing more contracts for foreign goods. Few major deals have been concluded so far in spite of the leadership's emphasis on the purchase of foreign technology. Recently, however, West German and U.S. companies are involved in talks about offshore oil equipment and joint-venture exploration.

Britain's share of trade with China dropped to under 3 per cent in 1976 making it China's 10th trading partner after Italy. But exports have picked up in the first six months of this year over the first half of 1977 to a total of £40m.

Working in Britain's favour is China's strong interest in Hong Kong, from which China derives about a third of her convertible foreign exchange earnings. Under a three-way deal Hong Kong's China Power and Light Company is buying most of the equipment for a new \$1.5bn power station from Britain.

The coal for the station is to be provided by China which is purchasing the mining equipment from Britain. Part of the power generated is likely to be transmitted to China.

Among the 13 businessmen accompanying Mr. Dell are Sir Derek Buckley, chairman of the National Coal Board, Sir John Buckley, chairman of Davy International and Sir Arthur Knight, chairman of Courtaulds.

Other British fields in which the Chinese are interested include steel technology, consultancy services and power plant. Critical to the amount China buys abroad will be the extent to which it is ready to borrow in one guise or another and the credit terms it can get. A representative of the Export Credits Guarantee Department is on the mission.

## Weather

SHOWERS, bright spells.  
London, S.E., S.W., N.W. and East. England, Midlands, Lakes, Wales, Channel Is.  
Heavy showers, bright spells. Max. 17C-19C (64F-65F).  
E. Anglia, E. England  
Rain, brighter later. Max. 17C (63F).  
1 of Man, S.W. Scotland, Glasgow, N. Ireland  
Bright intervals. Max. 15C-16C (59F-61F).  
N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth  
Dull, then brighter with showers. Max. 15C-16C (59F-61F).  
Best of Scotland, Orkney  
Bright spells, showers. Max. 13C-14C (55F-57F).  
Outlook. Staying unsettled.

BUSINESS CENTRES		Y'day		Y'day	
		midday		midday	
Amsden	C 13	29	28	29	28
Athens	C 13	29	28	29	28
Batavia	C 13	29	28	29	28
Bombay	C 13	29	28	29	28
Buenos Aires	C 13	29	28	29	28
Calcutta	C 13	29	28	29	28
Cardiff	C 13	29	28	29	28
Chicago	C 13	29	28	29	28
Copenhagen	C 13	29	28	29	28
Dublin	C 13	29	28	29	28
Hankow	C 13	29	28	29	28
Hong Kong	C 13	29	28	29	28
Kobe	C 13	29	28	29	28
London	C 13	29	28	29	28
Lyons	C 13	29	28	29	28
Manila	C 13	29	28	29	28
Medan	C 13	29	28	29	28
Metz	C 13	29	28	29	28
Moscow	C 13	29	28	29	28
Mumbai	C 13	29	28	29	28
Nairobi	C 13	29	28	29	28
Paris	C 13	29	28	29	28
Peking	C 13	29	28	29	28
Rangoon	C 13	29	28	29	28
Reykjavik	C 13	29	28	29	28
Rio de Janeiro	C 13	29	28	29	28
Rome	C 13	29	28	29	28
Singapore	C 13	29	28	29	28
Sourabaya	C 13	29	28	29	28
Stockholm	C 13	29	28	29	28
Sydney	C 13	29	28	29	28
Taipei	C 13	29	28	29	28
Tokyo	C 13	29	28	29	28
Yokohama	C 13	29	28	29	28

HOLIDAY RESORTS		Y'day		Y'day	
		midday		midday	
Algeria	C 13	29	28	29	28
Amsterdam	C 13	29	28	29	28
Antwerp	C 13	29	28	29	28
Batavia	C 13	29	28	29	28
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Buenos Aires	C 13	29	28	29	28
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Moscow	C 13	29	28	29	28
Mumbai	C 13	29	28	29	28
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Paris	C 13	29	28	29	28
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Reykjavik	C 13	29	28	29	28
Rio de Janeiro	C 13	29	28	29	28
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Singapore	C 13	29	28	29	28
Sourabaya	C 13	29	28	29	28
Stockholm	C 13	29	28	29	28
Sydney	C 13	29	28	29	28
Taipei	C 13	29	28	29	28
Tokyo	C 13	29	28	29	28
Yokohama	C 13	29	28	29	28

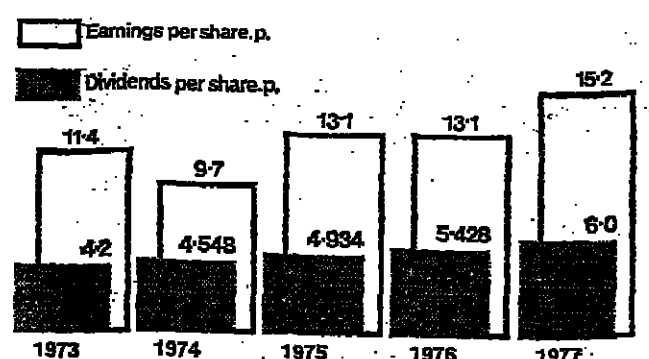
## FERGUSON INDUSTRIAL HOLDINGS

BUILDING SUPPLIES  
ENGINEERING SUPPLIES  
ENGINEERING  
PRINTING

## A YEAR OF REAL GROWTH

At the A.G.M. on 4th August 1978, the Chairman, Mr. Denis Vernon, reported:-

- \* 1977 Pre-tax profit up by 57% to £1,618,000.
- \* 1978 First quarter pre-tax profit up by 30% to £489,000.
- \* Dividend increased for eighth consecutive year.
- \* Net assets per share.... 107p.
- \* Earnings per share.... 15.2p.
- \* Harkwell Holdings acquired to strengthen our printing division.
- \* Current trading is good.



For a copy of our latest accounts please write to:  
The Secretary, (Dept. F.T.)  
Fergusson Industrial Holdings Ltd.,  
Applby Castle, Cumbria, CA16 6XH.

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